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Algeria	8.00 Din.	Iran	115 Rials	Oman	1.000 Rials
Austria	23 S.	Israel	NIS 3.50	Poland	15 000 Zl.
Bahrain	0.800 Din	Italy	2,200 Lire	Portugal	170 Esc.
Belgium	50 B.Fr.	Jordan	1 JD	Qatar	8.00 Rials
Cyprus	C.£ 1.00	Kenya	Shs. 45	Rep. of Ireland	£0 P
Czechoslovakia	25 Kr	Kuwait	500 Fils	Saudi Arabia	7.00 R.
Denmark	12.00 D.Kr.	Lebanon	U.S.$1.10	Spain	165 Ptas.
Egypt	E.P. 3.750	Libya	L.Din. 0.60	Sweden	10.00 S.Kr.
Finland	9.00 F.M.	Luxembourg	50 L.Fr.	Switzerland	2.60 S.Fr.
France	8.00 F.	Madeira	175 Esc.	Tunisia	1.000 Din.
Germany	2.80 D.M.	Morocco	11.00 Dh.	Turkey	T.L. 3,200
Great Britain	£0.70	Netherlands	3.00 Fl.	U.A.E.	8.00 Dh.
Greece	200 Dr.	Norway	12.00 N.Kr.	U.S. Mil. (Eur.)	$0.85
Hungary	100 Ft.	Nigeria	10.00 Naira	Yugoslavia	20 ND

Eric Gaillard/Reuters

A Jordanian jumping on a U.S. flag during an anti-American protest on Sunday in Amman.

Iraq's Offer on U.S. Pullout Rejected by the White House

By William Claiborne
Washington Post Service

CAIRO — President Saddam Hussein of Iraq proposed Sunday that Arab forces under the flag of the United Nations replace U.S. troops in Saudi Arabia as a first step in defusing the Gulf crisis.

But, in what seemed to be an unattainable demand, Mr. Hussein linked the proposal to the resolution of "all issues of occupation" in the Middle East, including an immediate Israeli withdrawal from all occupied territories and a withdrawal of Syrian armed forces from Lebanon.

Because Mr. Hussein tied the Kuwait crisis to Middle East disputes that have defied decades of negotiation, his proposal appeared to offer little prospect of a breakthrough. It was viewed by Egyptian analysts in Cairo as little more than an attempt to marshal Arab masses against U.S. intervention in the Arabian Peninsula.

[The United States rejected on Sunday the conditions laid down by Mr. Hussein for the withdrawal of Iraqi forces, Agence France-Presse reported from Kennebunkport, Maine.

[A White House statement said the United States "categorically rejects" the terms. "These latest conditions and threats are another attempt at distracting from Iraq's isolation and at imposing a new status quo," the White House said.

[Israel also rejected the Hussein proposal on Sunday, calling it "cheap propaganda," The Associated Press reported.

[Avi Pazner, an adviser to Prime Minister Yitzhak Shamir, said in a statement: "Saddam Hussein is trying through all kinds of exercises to do away with the international force which is confronting him, and to evade the economic sanctions which are being enforced against him. All his so-called initiative is nothing but cheap propaganda."]

In a message read on Baghdad radio and television, Mr. Hussein said that although the all-Arab force would operate under the aegis of the United Nations Security Council, Iraq and Saudi Arabia should decide which countries should contribute to it.

But he specifically excluded Egypt from the force, saying that it was "used by America as a crutch in its conspiracy against the Arab nation."

Mr. Hussein also demanded a freeze on sanctions and economic blockades against Iraq and a restoration of "economic, political and scientific dealings between Iraq and world countries."

"If America, its allies and small agents do not respond to our initiative," he said, "we will strongly resist, with the support of the good sons of the Arab nation and the great Iraqi people, the evil intentions and aggressive plots."

He called his proposal "a contribution on our part to create an atmosphere of real peace."

But he made clear that he had no intention of giving up his claim to Kuwait, saying that it had been carved out of Iraq by British colonialists and that "Iraq has never accepted the colonialist crime."

"Because the start of war, if started, will burn many and create great tragedies," Mr. Hussein said, "I propose that all issues of occupation, or those projected as occupation, in the whole area should be resolved on the same basis and principles."

Earlier in the day, apparently anticipating the effects of a UN trade embargo and possible multinational naval blockade, Mr. Hussein urged his countrymen to halve their food consumption and go without buying new clothes for a year.

"Our stockpiles are big, and the aggressors' defeat is certain because they are putting hope in the economic blockade, their air force and fleet," he said.

In a message he said was being broadcast primarily to Iraqi women, Mr. Hussein urged that households not stock up on food for more than a week.

Although appearing to be preparing Iraqis for a long period of economic hardship, their leader promised them "massive wealth and a better future after victory."

The Iraqi News Agency said a group of Iraqi pilots had volunteered to stage suicide attacks on U.S. warships in the Gulf. The agency said the group had sent a telegram to Mr. Hussein "affirming its determination to die as martyrs to preserve Iraq and Arab and Moslem holy shrines."

U.S. Says It Will Use Force to Halt Iraqi Shipping

By Al Kamen
Washington Post Service

WASHINGTON — The Bush administration, moving to tighten economic sanctions against Iraq, said Sunday that it use force to stop any ships believed trying to break an international trade embargo placed on Iraqi commerce.

Secretary of State James A. Baker 3d said Sunday that the administration had received a letter from Kuwait that "requested of us and of other nations support for enforcement of the UN economic sanctions.

"In other words," he said, "they have made the formal request now that is needed under Article 51 of the United Nations Charter for the United States and other countries to have a legal basis for stopping the export of oil and that sort of thing."

He added, "We now have the ability, the legal basis, for interdicting those kinds of shipments."

[Foreign Minister Tariq Aziz of Iraq said Sunday in Baghdad that any attempt by the United States to intercept Iraqi oil tankers in the Gulf would be considered an "act of aggression against Iraq.

["The interception of Iraqi tankers by the United States constitutes an act of aggression on their part and falls within the framework of a blockade, which was not decided by the United Nations," he said.]

The administration has hinted for two days that it would move to block any Iraqi efforts to break the UN sanctions. President George Bush issued a warning on Friday, saying that he was prepared to "do whatever is necessary" to see that exports do not go forward.

And Mr. Bush said Saturday that he felt he had the legal authority to stop Iraqi ships if they try to break the UN embargo.

As recently as Friday, however, a senior State Department official told reporters that "if they can't sell their oil anyplace, then you probably don't need a blockade."

The UN Security Council ordered far-reaching economic sanctions against Iraq last week. Although the sanctions are theoretically binding on all the 159 member nations, no enforcement provisions were voted on. But the UN Charter under Article 51 authorizes countries to act in self-defense and seek help from other nations.

Administration officials said the formal Kuwaiti request was not essential as a legal matter.

"It was additive," one senior official said.

But after discussions with other countries, the administration concluded it was "important that there be a multinational consensus on the legal foundations."

"There was a belief that our legal position would be strengthened if the aggrieved country made a specific request," the official said.

Mr. Baker, asked whether the administration intended to stop airplanes as well as ships, said only, "We're going to take measures that are necessary and proportionate."

The administration does not like to use the words "blockade" or "quarantine," since those terms can be interpreted under international law as acts of war. Mr. Baker, saying, "Let's not use the word blockade," said he would call the effort "interdiction."

But a senior administration official acknowledged that, as a practical matter, a de facto blockade was in effect.

"We will fire on a ship if it won't stop," he said. "We'll do the usual things — warn them off, fire a shot across the bow. But if it comes to that, there is no question what we will do."

U.S. officials said their focus was still on securing full cooperation from the international community in order to minimize the need for force to maintain the embargo.

One administration hope is that Egypt will "close the Suez Canal to all ships bound for Iraq or whose cargoes are bound for Iraq via the

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Brady Says Crisis Will Halve Growth

But Treasury Secretary's Forecast Is Privately Seen in U.S. as Optimistic

By Steven Mufson
and Hobart Rowan
Washington Post Service

WASHINGTON — The crisis in the Gulf threatens to cut the American economy's already sputtering growth rate in half, bringing it "closer to zero," Treasury Secretary Nicholas F. Brady said, but administration forecasts circulating privately say that a recession is all but inevitable.

The grim economic outlook is a reminder of the toll that the Gulf crisis is likely to take in the United States, despite the ability of the Bush administration to rally allies around a military response and sanctions against Iraq.

Mr. Brady made his comments amid rising concern over the potential impact of higher oil prices on a weak economy. The country already has been wrestling with the rising price tag of the savings and loan cleanup a deep economic slump in New England and signs of trouble in some commercial banks. The Gulf crisis has made the U.S. economy seem suddenly fragile.

In an interview, Mr. Brady nevertheless played down the economy's weakness. Although the growth of the economy is "less than we forecast or what our best hopes should be," he said, "I should point out that it is still a rate of growth." He said that the economy is "resilient" and cautioned against predicting a recession.

Mr. Brady's hopeful outlook is based in part on the view that it is possible that the situation could return to normal in six months and that inventories of oil are at the highest levels in nine years, an official said.

But he conceded that higher oil prices still could boost inflation by half a percentage point and shave more than half a point off the economic growth rate — enough to bring it close to zero.

Private assessments circulating within the Bush administration take an even dimmer view, because in contrast to Mr. Brady's public position, they assume that the economy has already reached the point of no growth and any further slowdown will push the country into negative figures. They agree with the forecasts made by prominent outside economists that a recession is all but inevitable, even if oil prices stabilize about where they are now. Government figures also suggest that each $5 crude oil increase represents a worsening of the annual trade deficit by $15 billion.

The latest GNP report, for the second quarter, showed economic growth down to an annual rate of 1.2 percent. But officials said that in all likelihood, that figure would be revised downward because of economic softness that was gathering momentum even before the Gulf crisis.

Charles Schultze of the Brookings Institution, a former budget

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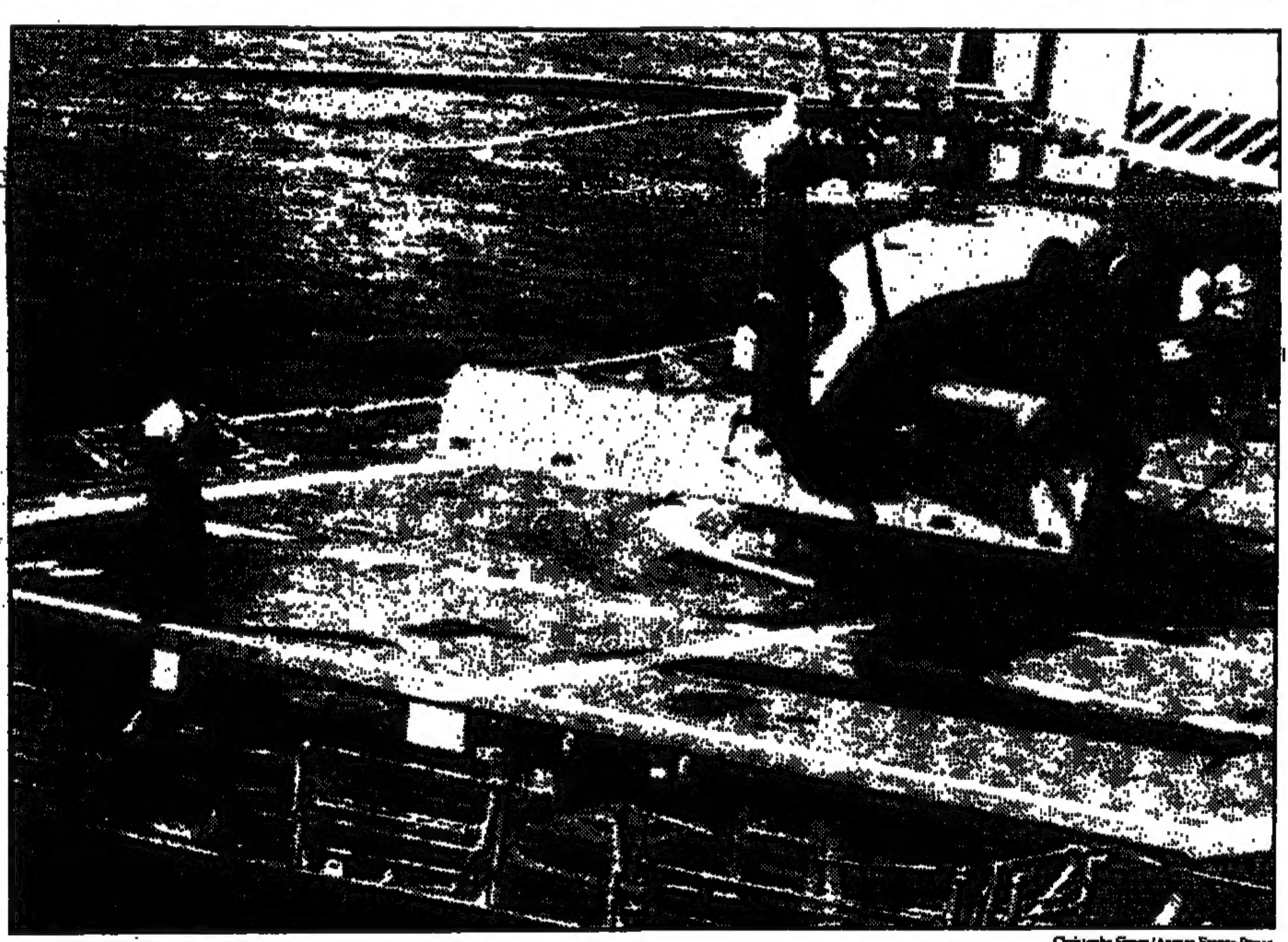

Christophe Simon/Agence France-Presse

A sailor gesturing behind a navy helicopter on the U.S. frigate Vandegrift, part of the American contingent in the Gulf.

Mubarak's Gamble: Siding With U.S.

By John Kifner
New York Times Service

CAIRO — For a man long known for his caution, President Hosni Mubarak of Egypt has put himself at the center of a storm he himself warned could be "horrifying."

Indeed, so tense is the atmosphere in the Arab world that telephones were ringing in newspaper offices here Sunday to inquire about rumors sweeping through Jordan and the Gulf that Mr. Mubarak had been assassinated.

Mr. Mubarak is fully aware of the risks, for he was sitting only a few seats away when a band of Islamic fundamentalists broke out of a military parade on Oct. 6, 1981, and riddled President Anwar Sadat with bullets because of his separate peace with Israel and his harsh domestic policies. The slaying thrust the unassuming former fighter pilot, then vice president, into power.

Nevertheless, it was Mr. Mubarak who played the leading role in convening an Arab summit meeting that shattered the largely mythological facade of Arab unity by approving a cosmetic deployment of Arab soldiers to join American troops facing Iraq in Saudi Arabia.

And it was Mr. Mubarak who had been at the center of maneuvering in the tense days before and after Iraq took over its wealthy but weak neighbor and former ally, Kuwait.

Egypt, as the recipient of $2.3 billion a year in desperately needed American aid, a sum exceeded only by Israel, is the Arab country most closely tied to the United States.

Washington is getting its money's worth now, a Western diplomat suggested the other day, noting that the relationship cultivated over the 11 years since Mr. Sadat made peace with Israel, "really paid off in terms of American interest in the past few days."

It is a point that is not lost on Iraq, where a newspaper Sunday called the Egyptian president "an obedient imperialist agent."

Saddam Hussein, Iraq's ruthless ruler, who has found himself isolated now from other governments and the target of worldwide outrage backed by unprecedented military and economic pressure, has sought to stir unrest in the Arab world, with a Nasser-like appeal to Arab nationalism and a brooding resentment of foreigners.

"Mubarak is required to provide certificates of good conduct," Ath-Thawra, the newspaper of Iraq's ruling Ba'ath Party said Sunday. "He

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The Gulf Crusade: Stiff Test for Bush

Thousands of Lives, Economic Health And Role in World Are at Stake

By Rick Atkinson
and David Hoffman
Washington Post Service

WASHINGTON — In less than two weeks, the Gulf crisis has escalated from a regional spat to an American-led international crusade with profound military, diplomatic, economic and political consequences.

The confrontation threatens to become a protracted stalemate — potentially the greatest challenge to the United States will since the Vietnam War.

With virtually no warning, President George Bush finds himself facing grave issues: how to safeguard hundreds of thousands of foreign nationals in Kuwait and Iraq; whether to risk thousands of American military casualties to drive Saddam Hussein out of Kuwait by force; how to combat a foe with hundreds of tons of chemical weapons; how to avoid an open-ended and immensely expensive commitment that could drag on for months or years and pull the U.S. economy into recession.

The stakes have doubled and redoubled. Mr. Bush has implicitly suggested that nothing less than the existing world order is at risk; Secretary of State James A. Baker 3d has apocalyptically warned of "a new Dark Age" if Iraq's aggression goes unpunished.

This showdown in the Gulf, said Senator David L. Boren, Democrat of Oklahoma, "could very well determine the extent of American influence in the post-Cold-War world."

From an American standpoint, a

NEWS ANALYSIS

quick and happy ending to Operation Desert Shield would mean relatively straightforward consequences: restoration of something like the situation that existed before Kuwait was invaded; a demonstration that the global community can make sacrifices to uphold international law; recognition of

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On Page 6

Iraq said Arabs and foreigners could leave Kuwait, but did not mention foreigners trapped in Iraq.

Forces on both sides of the border between Saudi Arabia and Kuwait continued to build up.

Kiosk

Pakistan Holds Allies of Bhutto

KARACHI, Pakistan (UPI) — Apparently in a crackdown against supporters of Benazir Bhutto, who last week was dismissed as prime minister, the authorities arrested 10 members of her Pakistan People's Party on Sunday. Those arrested included friends of her husband, who has been charged with corruption.

Earlier article, Page 2

2d Swiss Hostage Free

BEIRUT (AFP) — A second Swiss hostage, Elio Erriquez, has been released, four days after the freeing of a first Swiss, the kidnappers announced Sunday without saying where the release took place. The Organization of Palestinian Revolutionary Factions said it had acted "in response to the efforts of Presidents Hafez al-Assad of Syria, Chedli Bendjedid of Algeria and Moammar Gadhafi of Libya."

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UPI

Stansfield Turner says both sides in the Gulf crisis are jockeying to see who can achieve and maintain the most momentum. Page 2.

Business/Finance

The dollar is headed lower, analysts say, looking beyond the Gulf tensions. Page 7.

Crossword Page 3.

Infants Borne on a New Wave

By Carol Lawson
New York Times Service

NEW YORK — In steamy Maracaibo, near the northwestern coast of Venezuela, a husband and wife had lived for years with the belief that they would never be able to have children of their own.

But on July 18, a woman in Pasadena, California, gave birth to the couple's first genetic offspring, two boys and a girl. And 10 days later, another woman gave birth to one more baby boy created by the same couple.

These women are part of the second wave of surrogate mothers: They are not genetically related to the babies they gave birth to.

After the Baby M court case, which provoked calls for strict regulation of surrogate motherhood, if not an outright ban, surrogacy not only is actively practiced but also is expanding in a new direction, bringing new hope to some families and, at the same time, highlighting a host of ethical and legal concerns.

The Baby M case involved what physicians now call traditional surrogacy, in which the surrogate mother is impregnated through artificial insemination with the sperm of the husband from the couple who have hired her. The surrogate is thus the genetic mother of the baby.

In contrast, the Venezuelan couple are beneficiaries of what medical and legal experts call gestational surrogacy. The wife's eggs and the husband's sperm were brought together in a petri dish in a hospital laboratory in Pasadena in the process known as in vitro fertilization, and the resulting embryos were implanted in the two surrogates.

Catherine Toole, the 36-year-old woman who gave birth to triplets for the Venezuelan couple, said that

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U.S. Law: No Firm Guarantee

By David Margolick
New York Times Service

NEW YORK — They were the legal profession's gilded generation.

As students, they were wined and dined and wooed by the most prestigious law firms. Hired, they began settling into a frantic but lucrative life of glamour, prestige and, they assumed, stability.

Now, only a few years later, dozens have undergone crash courses in the reality of big-time law practice. For the first time in all but uniformly successful lives, they're in an unusual position: They've been fired.

A bubble has burst. The sour climate is reaching large law firms in major U.S. cities. With business down, particularly in corporate work, real estate and mergers and acquisitions, several noted firms have dismissed substantial numbers of lawyers, particularly younger staffers.

The ax fell disproportionately on women, a reflection of their continuing marginal status at some firms. At others it fell on those brought in from other firms. At others still it fell on those who had the wrong mentor, an absentee mentor or no mentor at all.

On the spectrum of hardship cases, the plight of 25-year-olds making $85,000 a year, most with skills sufficient to find work elsewhere, is hardly the saddest. There is no constitutional guarantee of foreign cars or second mortgages.

But many still carry large debts from law school. And there is the shock of dismissals in a world unfamiliar with them, as well as what that lawyers involved describe as the disingenuous, ham-handed way in which the dismissals were handled.

Elite law firms have always fancied themselves paternalistic places where loyalty mattered more

See LAWYERS, Page 5

Turner Sees the Gulf as a Test of U.S. Strength and Resolve

How does a career military officer and intelligence expert view the events in the Gulf? Stansfield Turner, a retired admiral who was director of Central Intelligence from 1977 to 1981 and before that was commander in chief of NATO forces in southern Europe, discussed the crisis with Fred Farris of the International Herald Tribune.

Q. What is your assessment of the military and diplomatic moves in the Gulf?

A. We're at a contest point where we're determining who can keep up the momentum the most. Can President Bush keep the basic world aligned steadfastly against Iraq, or can Saddam Hussein hold his own country together long enough to break the coalition against him, his own country and, perhaps, the Arab masses to whom he has appealed with his call for a holy war?

If it doesn't go in our direction, it seems to me the president's alternative is to build up enough force physically to push Hussein out of Kuwait, which would be very costly. And if it doesn't go in Hussein's direction, it seems to me he has several options, and one is to invade Saudi Arabia. Another is to attack Israel and try to create a situation in which the Arabs would have a dilemma of not responding to a war in which an Arab country was involved with Israel. And he also has the hostages on his hands.

So I don't have any predictions. But I think last week was a good week for President Bush, in that the momentum gathered in his direction. But Hussein's call for a holy war may offset that in time.

Q. President Hosni Mubarak of Egypt said Saturday that he held no hope for a peaceful solution to this crisis. Do you agree with that assessment?

A. No, I don't. I wouldn't predict any particular solution. But the most rational solution from Hussein's point of view — and what may be a difficult solution for us, nonetheless — would be for him to suppose that the United States would withdraw from Saudi Arabia if he withdraws from Kuwait. Because that leaves him — even if it's a status quo ante, even if the emir is put back in Kuwait — with a million-man Iraqi Army intact and looming intimidatingly over the rest of the oil-producing Arab world.

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Q. American officials have said that the troop commitment there could reach a quarter of a million or more. Is that a realistic figure, do you think? How long would such a deployment take?

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A. I find it difficult to estimate how long it would take but it would take a very long time, months, to get to that kind of a level.

I also have questions whether we would need that large a force and I hope the administration is not planning to deploy one that large at this time. But it's a very difficult calculation as to whether this man will be foolish enough to invade Saudi Arabia. That's where that kind of a large force would be required.

Q. Does the Arab commitment to send troops to Saudi Arabia reduce the need for a U.S. force in your opinion?

A.: Somewhat, but it sounds like they are, initially anyway, sending pretty small token forces. They're symbolic forces and important because of their symbolism. But if there's real fighting going to have to be done I think it's going to have to be done by Americans, possibly by some of our European allies.

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Q. How do you rate the danger of terrorism by Arab extremists against Americans or U.S. property?

A. I almost hate to talk about it, but I don't think you can fail to take it seriously. I think we really must, because these people are extremists and we've been subjected to considerable terrorism in the Middle East. So I think all U.S. facilities in the Middle East should be taking precautions. I think we should be discouraging Americans from traveling or being in the Middle East area any more than is absolutely necessary. Yes, I would take it as a serious concern.

Q. Some critics are saying that America's policies in the Gulf are vague, somewhat ill-defined, and that the president has not made clear just what the vital U.S. interests are. What is your understanding of the U.S. interests? And how could Mr. Bush make them clear?

A.: I think the interests are clear. We, the free world, cannot afford to have anyone dominate the Gulf oil producers, be it the Soviets that we used to worry about, or the Iranians that we worried about a few years ago, or now the Iraqis.

If the president has made any mistake at this point — and I basically back him — it's in defining our interests too explicitly. I mean the definition now is very close to being the removal of Saddam Hussein, which is getting very close to the "unconditional surrender" of World War II and leaves very little room for maneuver.

I think one of the significant points about last week is that both sides hardened the terms.

Michel Lipchitz/The Associated Press

A group of refugees airlifted from Monrovia by U.S. Navy helicopter upon arrival in Freetown in neighboring Sierra Leone.

Ghanaian Troops Join Force for Liberia

Compiled by Our Staff From Dispatches

FREETOWN, Sierra Leone — Three ships carrying 1,000 Ghanaian soldiers of the West African task force for Liberia sailed into Freetown harbor Sunday.

The Ghanaian troops joined soldiers of Gambia, Guinea, Nigeria and Sierra Leone, who were entering Freetown and massing on Liberia's northern border with Guinea and western border with Sierra Leone.

In all, about 2,500 troops are being sent in with orders to fight to force a truce if necessary.

Military sources in Freetown said the force was delayed by the need to carry all its supplies to Monrovia, which has been without fresh food, running water, electricity and regular telephone communications for more than a month.

The peacekeeping forces have been unable to fly into the Liberian capital of Monrovia because rebels led by Charles Taylor, who opposes the intervention, control Robertsfield International Airport and are battling to win control of Spriggs Payne airfield. The rebels have been meeting tough resistance from government troops.

In Monrovia, a rival guerrilla leader, Prince Johnson, said Saturday that he was sending a delegation to Freetown to make arrangements for the peacekeeping force to land in Monrovia's port, which he has controlled for two weeks.

Mr. Johnson's fighters early Saturday morning attacked Mr. Taylor's forces.

The clash, the fifth in as many days between the rival rebel armies, took place at Barnersville, two miles (three kilometers) from the capital. Mr. Johnson controls most of the city.

Mr. Taylor's army, the largest in the country, advanced from the eastern outskirts to within 200 yards of Monrovia's Spriggs Payne airfield on Saturday. It was the third day of a last-ditch effort to oust President Samuel Doe before the peacekeepers arrive.

Mr. Johnson's men also are battling Mr. Doe's soldiers near the fortified executive mansion where the president has holed up.

Mr. Doe and Mr. Johnson have welcomed the West African initiative to end the nearly 8-month civil war.

Five thousand people have been killed in the war, mainly civilians slaughtered for their tribal affiliations. More than 400,000 refugees have fled to neighboring states, and more than 250,000 others are displaced within Liberia.

Lieutenant General Arnold Quianoo, commander in chief of the West African army, called Saturday for the warring sides to stop fighting immediately.

"The situation in Liberia creates profound anxiety not only in Africa but in the entire international community," Mr. Quianoo, a member of Ghana's Ruling Military Council, said in Accra.

The general was expected to fly into Freetown to take command of the force mobilizing to sail to Monrovia.

Outside Liberia's besieged capital, government troops killed at least 21 civilian refugees on Sunday after breaking out of an army base behind rebel lines.

Journalists arriving barely half an hour after the killings counted 15 bodies lying tangled and half-submerged in an open storm drain just outside the Monrovia suburb of Congo Town. At least six more bodies lay scattered nearby.

Witnesses said a group of uniformed soldiers loyal to President Doe burst onto the main road from a dirt track leading to the 72d Battalion army base, where they had been surrounded for over a week by rebel forces.

They immediately started spraying shots at refugees lining up at a rebel checkpoint. Those who took cover in the half-full drain were peppered with bullets where they hid. *(AP, Reuters)*

Forest Fires in Portugal Kill Man, Injure 40

Agence France-Presse

LISBON — One person has been killed and 40 others injured in forest fires that by Sunday morning had burned thousands of hectares of the Serra da Estrela park in north-central Portugal.

The fires, which began almost a week ago, have burned 30 houses, dozens of cars, two buses and a camping ground. A 41-year-old man died of a heart attack because of the fires, and 40 people have been hospitalized.

Next in Pakistan: Will Islam Take The Leading Role?

By Steve Coll

Washington Post Service

KARACHI, Pakistan — From fashion and sexual mores to civil liberties and legal principles, the shape of Pakistan's Islamic society has been called into question by the fall of Benazir Bhutto.

As the first female prime minister to lead a modern Muslim nation, Miss Bhutto was an important symbol to those who sought to quell the public influence of the country's radical Islamic clerics.

Now, many Pakistanis wonder whether the new government will hasten a return to strict Muslim codes.

Although feminists and other urban liberals often criticized Miss Bhutto for not doing enough to promote secularism, even opponents conceded that her Pakistan People's Party held off attempts by religious conservatives to assert themselves in government and society.

With the dismissal of her government last week on charges of corruption and abuse of power, the enduring struggle over whether Pakistan should be a secular democracy or should be governed by laws interpreted by Islamic scholars is likely to be renewed.

People's Party officials noted that, on the day after Miss Bhutto's dismissal, senior bureaucrats who previously came to work in suits and ties showed up in neatly pressed *shalwar kameezes*, the loose traditional dress approved by President Mohammed Zia ul-Haq, who died in an unexplained plane crash in 1988.

"They're going to roll everything back," said Maleeha Lodi, editor of a soon-to-be-launched newspaper, the Independent.

She said she thought the interim government, backed by the military, would curtail tentative press freedoms granted under Miss Bhutto.

Others said they thought the new regime would begin to choke off the flow of Western images and ideas that had freely entered Pakistan during Bhutto rule.

A measure of the government's intentions will be its management of the People's Television Network, a state-owned channel available in the capital and projected for transmission to other major cities within the next year.

The 24-hour channel mainly broadcasts a live feed of the Atlanta-based Cable News Network.

Rashid Latif, who had been appointed by the Bhutto administration to head PTN, has reportedly been dismissed by the new government.

Even under Miss Bhutto, PTN occasionally censored CNN's programming by blacking out scenes of kissing, beach volleyball and Paris fashion models. But substantive news of world events — like the Gulf crisis and Miss Bhutto's dismissal itself — were left untouched.

A socially conservative country with a Westernized urban elite, Pakistan has long been torn by cultural conflicts over Islam, which was the basis of the nation's identity when it was created as a homeland for Muslims on the British-ruled Indian subcontinent 43 years ago.

In the impoverished and feudal countryside where most Pakistanis live, Islam is influenced by a mystical strain in which the worship of saints and sacred relics is at least as important as the pronouncements of mullahs in the mosques.

But in the cities, radical clerics influenced by the Iranian revolution of Ayatollah Ruhollah Khomeini have gained prominence, sharing the urban stage uneasily with secular liberals.

Earlier this summer, parliamentary opponents tried to paint Miss Bhutto into a political corner by proposing a bill that might have led to reimposition of radical Islamic laws, including amputation of convicted thieves' hands and a requirement that a rape victim find four male witnesses to support her claim.

Preparing to oppose the bill in the National Assembly, Miss Bhutto made a speech in which she mildly suggested that amputation might not be an appropriate punishment under Islamic law. Radical clerics denounced her, warning that anyone who said such things was not a Muslim and could be subject to a death sentence pronounced by religious leaders.

■ Bhutto Looks to Courts

Miss Bhutto said over the weekend that she would challenge her dismissal in court and that her party had no confidence in the caretaker government, Reuters reported from Karachi.

Miss Bhutto said she would not submit to a judicial probe by the caretaker government of alleged corruption during her rule. She and her colleagues were ready to appear before a court of law to answer allegations of corruption, she said.

144 Muslims Are Massacred in Sri Lanka

Reuters

COLOMBO — Military officials and Moslem leaders said Sunday that Tamil rebels had hacked and shot to death at least 144 Muslims in eastern Sri Lanka.

Retaliation was swift. Muslims attacked a Tamil refugee camp on Sunday morning, slaughtering 37 Tamils, the officials said.

They said rebels of the Liberation Tigers of Tamil Eelam struck at six Muslim villages on Saturday night.

The treasurer of the Sri Lanka Muslim Congress, Waffa Farook, said Tigers wielding knives and guns attacked three Muslim villages at Eravur in eastern Batticaloa district, killing 127 people, including women and children. About 100 people were wounded.

Some of the victims were cut with knives soaked in a liquid containing cyanide, he said.

The bodies were buried on Sunday evening as the villages went into mourning flying white flags.

A Tiger spokesman, Lawrence Thilakar, denied that the rebels were responsible for the massacre. Speaking by telephone from his office in Paris, he charged that the Sri Lankan Army was killing Muslims to promote clashes between Muslims and Tamils.

Security sources said Tigers raided two other villages in the adjoining Amparai district and killed 10 Muslims.

On Sunday morning the Tigers attacked Muslim farmers at Samanturai in Batticaloa, killing seven and wounding 12, Mr. Farook said.

The latest attacks raised the toll of Muslims killed in the past 10 days to nearly 350.

Foreign Minister Ranjan Wijeratne, who vowed last week to "annihilate" the Tigers, flew to Eravur on Sunday to speak to villagers and review security arrangements.

The Tigers launched their latest offensive in June after abandoning 14 months of peace talks with the government. They are campaigning to set up an independent homeland for Tamils, who form 13 percent of the island's population of 16 million. Most live in the northeast.

Muslims make up 7 percent of the population. A large number of them live in the eastern province.

The Sinhalese, who make up nearly 75 percent of the population, live mostly outside the northeast province.

Tamil politicians said during the weekend that they strongly opposed government plans to evacuate hundreds of thousands of civilians from northern Sri Lanka to make way for an all-out assault on the separatist guerrillas.

"It is not a practicable plan. How can so many people be asked to move out of their homes just like that?" said M.V. Senathiraja, a Tamil member of parliament.

Mr. Wijeratne said Friday that civilians in northern Sri Lanka's Jaffna peninsula — most of them Tamils — would be evacuated to a refugee camp in Vavuniya, 140 kilometers (90 miles) to the south.

Accusing the Tigers of using civilians as human shields in battles with security forces, he said the evacuation would help prevent civilian casualties and free Tamil youths conscripted by the Tigers.

WORLD BRIEFS

7,000 Are Detained in Peru Unrest

LIMA (AP) — Soldiers and policemen have arrested almost 7,000 Lima residents for looting in the days since a severe austerity program was announced, the newspaper República reported.

At least 12 people were wounded by gunfire as authorities confronted looters in dozens of markets in Peru's poor neighborhoods, the newspaper said over the weekend.

The government of President Alberto Fujimori announced the austerity measures Wednesday, drastically raising prices for such basic goods as food and gasoline. The looting broke out immediately afterward.

Burma Strengthens Security Control

BANGKOK (NYT) — The military government of Burma has increased its forces in major cities after killing four demonstrators last week in Mandalay, Western diplomats in the capital, Rangoon, said in telephone interviews.

The military has denied shooting demonstrators. But diplomats said two monks and two students were killed at a large rally, led by monks, to commemorate democracy demonstrations on Aug. 8, 1988, at which hundreds were shot and killed.

The diplomats said the army had "blanketed" Rangoon and Mandalay with troops, although on Saturday more police officers than soldiers were visible in Rangoon.

Korea Border Visits Seem in Doubt

SEOUL (AFP) — South Korea made a last-minute concession to North Korea in an attempt to ease cross-border travel this week, but the two sides still seemed far apart on other issues.

President Roh Tae Woo announced July 20 that the South would allow North and South Koreans to visit each other's side of the border during five days starting Monday.

But the South and the North since have issued separate conditions for the first exchanges of visits since the creation of the two rival republics in 1948, rejecting one another's proposals. Pyongyang plans a pro-unification rally in Panmunjom on Wednesday, the 45th anniversary of Korea's liberation from Japanese rule.

Israel Appoints New Envoy to U.S.

JERUSALEM (Reuters) — The Israeli Cabinet appointed a conservative parliament member Sunday to be ambassador to the United States as a reward for his party's help in forming Prime Minister Yitzhak Shamir's government in June.

The nominee is Zalman Shoval, 60, of the Rafi Ometz Party. Mr. Shoval, a banker by profession, was born in Germany and was educated in both Switzerland and the United States.

Asked recently if a political appointee would be able to curb U.S. dissatisfaction with Israel, Mr. Shoval said, "Ambassadors who don't come from the foreign office may have a better chance because the U.S. administration, especially the president and secretary of state, wants to have an emissary there who they believe has a direct line to those people who make policy in Israel."

Soviets Announce Pacific Force Cuts

MOSCOW (Reuters) — The Soviet Union will reduce its naval personnel in the Pacific by 200,000 officers and men by April, Moscow radio reported Sunday.

The report said 57 warships had been withdrawn from the Pacific over the last five years and 16 more would be cut by the end of 1990.

Cuts in the Pacific fleet coincide with a broad withdrawal of Soviet troops from Eastern Europe and Mongolia as the Kremlin focuses resources on strengthening its economy and building trade with the West.

Suspect Faces Trial in U.S. or Greece

ATHENS (Reuters) — A Palestinian guerrilla suspect wanted by the United States for the 1982 bombing of an airliner will either be extradited for trial or tried in Greece, Justice Minister Athanassios Kanellopoulos said Sunday.

Asked by the newspaper Apogevmatini what the government would do with the suspect, Mohammed Rashid, 36, the minister said: "There are two possibilities: extradition or trial by a Greek court."

Mr. Rashid is being held in connection with the 1982 midair bombing of a Pan American World Airways jet over Hawaii. The blast killed a Japanese teenager and wounded 15 other passengers. Mr. Rashid was arrested at Athens airport in 1988 following a tip from U.S. authorities and served jail terms for using a false passport and hiding weapons in his cell.

Attack at South Africa Hostel Kills 9

JOHANNESBURG (Reuters) — Gunmen fired through the windows of a migrant workers' hostel and shot dead nine people, pushing the death toll in political violence in the past week to 94, the police said Sunday.

The police said 16 people were wounded in the Saturday night shooting at the hostel in Sebokeng township, 45 kilometers (28 miles) south of Johannesburg. Four people were shot to death in other weekend attacks around the country, police said.

More than 20 people were killed at the Sebokeng hostel last month in clashes between supporters of the African National Congress, led by Nelson Mandela, and members of Inkatha, a conservative Zulu movement led by Chief Mangosuthu Buthelezi. The fight for political supremacy between the two groups has claimed more than 4,000 lives since 1984.

TRAVEL UPDATE

Venice is to start dredging its canals for the first time in 30 years, taking away mud that has clogged up minor waterways. Mayor Ugo Bergamo said said the work would start in September on seven canals at a cost of 1.3 billion lire ($1 million). The project, designed to remove up to a meter of sludge from the waterways, is expected to take up to a year. *(Reuters)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Central African Republic, Thailand, Tunisia, Zimbabwe.

TUESDAY: Madagascar, Morocco, Pakistan, San Marino, Vatican City.

WEDNESDAY: Andorra, Austria, Belgium, Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chile, Congo, Costa Rica, Cyprus, Equatorial Guinea, France, Gambia, Greece, Guatemala, Guinea, Haiti, India, Italy, Ivory Coast, Lebanon, Liechtenstein, Luxembourg, Macao, Madagascar, Malta, Monaco, Panama, Paraguay, Poland, Portugal, Rwanda, San Marino, Senegal, Seychelles, South Korea, Spain, Togo, Vatican City, Venezuela.

THURSDAY: Dominican Republic, Gabon, San Marino, Vatican City.

FRIDAY: Indonesia.

SATURDAY: Afghanistan.

Source: J.P. Morgan, Reuters.

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	25	77	11	52	o
Athens	31	88	21	70	o
Barcelona	26	79	18	64	cl
Belgrade	27	81	14	57	cl
Berlin	29	84	16	61	cl
Brussels	30	86	16	61	fr
Budapest	26	79	13	55	fr
Copenhagen	24	75	16	61	cl
Costa Del Sol	28	82	19	66	fr
Dublin	16	61	13	55	r
Edinburgh	20	68	13	55	r
Faro	31	88	23	73	fr
Florence	32	90	17	63	fr
Frankfurt	31	88	15	59	cl
Geneva	31	88	13	55	cl
Helsinki	20	68	12	54	cl
Las Palmas	32	90	24	75	fr
Lisbon	31	88	17	63	cl
London	26	79	17	63	o
Luxembourg	30	86	19	66	fr
Madrid	33	91	19	66	cl
Milan	35	95	17	63	fr
Moscow	22	72	15	59	sh
Munich	29	84	13	55	fr
Nice	26	79	19	66	fr
Oslo	22	72	16	61	cl
Paris	35	95	19	66	cl
Prague	30	86	11	52	fr
Reykjavik	16	61	8	46	fr
Rome	28	82	18	64	fr
Stockholm	25	77	11	52	cl
Strasbourg	33	91	15	59	fr
Venice	28	82	18	64	fo
Vienna	30	86	13	55	cl
Warsaw	23	73	8	46	cl
Zurich	30	86	13	55	cl

MIDDLE EAST

	HIGH C	HIGH F	LOW C	LOW F	
Ankara	30	86	17	63	fr
Cairo	—	—	—	—	na
Istanbul	28	82	20	68	sh
Jerusalem	30	86	16	61	fr
Tel Aviv	30	86	21	70	cl

OCEANIA

	HIGH C	HIGH F	LOW C	LOW F	
Auckland	—	—	—	—	na
Sydney	18	64	9	48	fr

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	32	90	25	77	st
Beijing	31	88	22	72	st
Hong Kong	32	90	28	82	fr
Manila	32	90	27	81	st
New Delhi	35	95	25	77	cl
Seoul	33	91	22	72	fo
Shanghai	31	88	26	79	fr
Singapore	32	90	24	75	st
Taipei	34	93	27	81	fr
Tokyo	34	93	27	81	fo

AFRICA

	HIGH C	HIGH F	LOW C	LOW F	
Algiers	31	88	14	57	fr
Cape Town	15	59	3	37	fr
Casablanca	27	81	22	72	o
Harare	25	77	10	50	cl
Lagos	29	84	21	70	o
Nairobi	—	—	—	—	na
Tunis	31	88	19	66	fr

LATIN AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Buenos Aires	29	84	13	55	st
Lima	—	—	—	—	na
Mexico City	24	75	14	57	st
Rio de Janeiro	—	—	—	—	na

NORTH AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Anchorage	17	63	11	52	cl
Atlanta	32	90	20	68	fr
Boston	28	82	21	70	sh
Chicago	22	72	16	61	st
Denver	27	81	13	55	st
Detroit	26	79	17	63	cl
Honolulu	31	88	24	75	pc
Houston	35	95	22	72	fr
Los Angeles	25	77	13	55	fr
Miami	33	91	25	77	pc
Minneapolis	22	72	19	66	cl
Montreal	26	79	17	63	pc
Nassau	34	93	24	75	pc
New York	30	86	22	72	pc
Phoenix	41	106	29	84	fr
San Francisco	24	75	13	55	fr
Seattle	32	90	15	59	fr
Toronto	25	77	16	61	pc
Washington	31	88	22	72	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Cloudy. Temp. 31—17 (88—63). LONDON: Cloudy. Temp. 26—17 (79—63). MADRID: Stormy. Temp. 34—20 (93—68). NEW YORK: Partly cloudy. Temp. 30—21 (86—70). PARIS: Stormy. Temp. 29—19 (84—66). ROME: Sunny. Temp. 27—19 (84—66). TEL AVIV: Not available. ZURICH: Stormy. Temp. 30—15 (86—59). BANGKOK: Showers. Temp. 33—25 (91—77). HONG KONG: Not available. MANILA: Cloudy. Temp. 32—24 (90—75). SEOUL: Sunny. Temp. 32—22 (90—72). SINGAPORE: Showers. Temp. 31—25 (88—77). TOKYO: Sunny. Temp. 34—27 (93—81).

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'Forgive Me,' Barry Begs Washington

Mayor, Convicted on One Count, Calls for 'Healing' of City's Racial Wounds

By R.H. Melton

Washington Post Service

WASHINGTON — Mayor Marion S. Barry Jr., saying he had dishonored himself and his family, has asked the people of Washington to forgive him and to seek to ease racial tensions that he says have been made worse by his 10-week drug and perjury trial.

Mayor Barry made his appeal the day after a federal jury convicted him on one charge of cocaine possession, acquitted him on a second charge and announced that it was unable to reach a decision on the 12 remaining charges.

Speaking to a cheering, foot-stomping crowd of several hundred supporters, the mayor portrayed himself as a man humbled but still proud after months of having his life "paraded before the world."

"I ask all of you, young or old, black or white, Jew or gentile, rich or poor, Northwest or Northeast and Southeast and Southwest, Ward 3 or Ward 8, I ask you to forgive me for any hurt I may have caused," he said Saturday. "I'm hoping that any of you who still harbor resentments and vengeance can let go."

After he spoke, his attorney, R. Kenneth Mundy, issued a warning to federal officials not to press for a "retrial or a regurgitation" of the 12 criminal charges on which the jury reached no verdict.

"It is not time to reload guns, or to prepare for further combat," Mr. Mundy said, adding that his team was prepared to unleash "the dove of peace or, if necessary, to rearm our arsenal of war."

The mayor left open the question of whether he would run this fall for an at-large seat on the District of Columbia Council; sources said Saturday that he had decided to change party affiliation, to leave open the option of running for council as an independent this fall.

Mr. Barry also said for the first time publicly that he had been unfaithful to his wife, Effi; he added that he had asked her "for forgiveness, and she has granted it."

The jury in the Barry case returned its mixed verdict Friday after eight days of deliberation.

The mayor could receive a maximum of a year in prison, although it is rare for a first offender to go to prison for cocaine possession.

Judge Thomas Penfield Jackson of U.S. District Court did not set a sentencing date for Mr. Barry. The judge declared a mistrial on the 12 charges on which the jury was unable to reach a decision.

A U.S. attorney, Jay B. Stephens, said he would announce his decision on a possible retrial of the remaining counts on Sept. 17, when Judge Jackson said he would hold a hearing in the case.

Mr. Barry was convicted of a count charging that he possessed cocaine between Nov. 7 and Nov. 10, 1989, at the Mayflower Hotel, using it with Doris Crenshaw, an old friend.

He was acquitted of the charge that he possessed crack, a potent form of cocaine, at the Frank Reeves Municipal Center on Sept. 7, 1988, after buying it from a dealer, Lydia Reid Pearson. The defense produced witnesses who said the mayor was not in the city building the morning that Ms. Pearson said she sold the drug to him.

During the trial, Mr. Mundy admitted that his client had occasionally used drugs.

Among the 12 charges on which the jury deadlocked were those involving the two most controversial aspects of the case: the testimony of a former D.C. employee, Charles Lewis, and of a former girlfriend, Rasheeda Moore; and the videotape of a meeting between Mr. Barry and Ms. Moore at the Vista International Hotel on Jan. 18, which showed the mayor smoking crack and being arrested.

The Vista "sting," on which the jurors could not reach agreement, capped years of federal investigation of the mayor.

On returning home, the jury foreman, Edward P. Eagles, declined to discuss the breakdown of the jury votes. "We reached the verdict we could," he said. "We couldn't come up with a consensus."

Mr. Eagles, a history teacher at St. Albans School for Boys, said the jury did not try to "sort out what the government's purposes were," adding: "We tried to concentrate on the questions at hand. What I was interested in was counts, evidence."

Mr. Eagles said he was impressed with both the prosecution and the defense attorneys, but he singled out Mr. Mundy for particular praise, describing him as a courtroom "master" who manifested "the power to relate to people."

In the courtroom just before the verdict was announced, Mr. Barry stood and faced the jury and Mr. Eagles, who announced the results. The mayor listened impassively as the verdicts were announced. A few moments later, the mayor wept silently and hugged supporters.

"We feel lucky," Mr. Mundy said as he accompanied Mr. Barry from the courthouse.

In many respects, the mayor's speech was a refined version of the message he has been delivering since his arrest in January at the Vista and his return to the capital after undergoing substance-abuse treatment in Florida and South Carolina.

In those intervening months, as he tried to remain the dominant political force in the city, the mayor apologized on several occasions to groups of senior citizens and young people, describing his road to recovery in biblical terms, saying he was the city's prodigal son.

On Saturday, as Mr. Barry expressed many of those themes, the hall in which he spoke assumed the atmosphere of a church revival. The mayor repeatedly invoked God, and audience members interrupted with shouts of "That's right!"

Mr. Barry issued an impassioned appeal for racial harmony. Many Washington leaders believe tensions in the city have been heightened because of the government's prosecution of one of the nation's best-known black politicians.

Although he acknowledged that his trial had "helped expose deep divisions" between races in the city, Mr. Barry added that Washington was not the only U.S. city experiencing such tensions.

"I believe that Washington, D.C., can be a model to the world of how people of divergent beliefs and opinions, of various races and religions, can work together for the good of all," the mayor said. "Now is the time for healing."

■ A Fresh Indictment

Henry G. Barr, a former top aide to Attorney General Dick Thornburgh who oversaw the Justice Department's criminal investigations, has been indicted on charges that he repeatedly used cocaine over a four-year period and lied about it to receive a security clearance, The Washington Post reported.

According to federal prosecutors, the four-count indictment, handed up Friday by a federal grand jury in Harrisburg, Pennsylvania, makes Mr. Barr, 47, the highest-ranking U.S. official ever to be charged with a drug crime.

Ira Schwarz/Reuters

Mayor Barry leaving court in Washington after hearing the verdict in his drug case, in which a mistrial was declared on 12 of the charges.

In Colombia, Outrage at Barry Verdict

By Douglas Farah

Washington Post Service

BOGOTA — Colombians have expressed outrage at the verdict in the trial of the mayor of Washington, Marion S. Barry Jr., saying it undercuts the ability of the United States to demand that Colombia continue its war on cocaine trafficking.

A senior government official said Saturday that the Colombian government was "astounded" by the verdict. He said it could severely hamper President César Gaviria Trujillo's ability to continue extraditing suspected drug traffickers to the United States.

Many Colombians blamed the judge for the verdict and accused the U.S. judicial system of caving in to racial pressures.

"The verdict represents the tolerance and permissiveness that exists in the United States toward consumption," the senior official said. "While Colombian judges put their lives on the line approving extradition, judges in the United States, faced with racial differences, soften their decisions to avoid political problems."

Colombians widely believe that those extradited receive harsher sentences than Americans for comparable crimes, a perception that makes extradition controversial and unpopular. U.S. officials argue that extradition is essential because drug barons have corrupted and intimidated the Colombian judicial system.

The Colombian official said that although the government had a clearly defined policy of continuing extradition, "public opinion affects the future of any policy."

"It weakens all of our arguments," the official said. "While we endure terrorism here, they give in to racial pressure there."

Since the Colombian government declared war on drug traffickers a year ago, hundreds of civilians, more than 200 policemen, half a dozen judges, a senator and several investigative journalists have been killed in a terror campaign by the Medellín cocaine gangs.

Mr. Gaviria said in his inaugural address Tuesday that although Colombia was paying a high price to fight trafficking, consuming nations were doing almost nothing. He said more should be done to control consumption if consuming nations want lasting progress made in combating drug trafficking.

The verdict in the Barry trial was the subject of widespread public commentary in the press.

"The mayor of the capital of the country that consumes the most cocaine in the world is going to go free," said an editorial on the Caracol radio national network.

"Countries involved in the problem of drug trafficking," it said, "hoped for greater punishment for this man, the highest authority in Washington, who came to symbolize the consumption of crack and cocaine. However, he is practically free."

Juan Gossain, a leading political commentator on RCN radio network, said: "With what authority does the United States ask us to continue in the fight against drug trafficking? Just imagine if it had been the mayor of Bogotá."

The outcome of the trial was front-page news in the capital's three main newspapers. El Espectador ran the headline "Guilty and Free" under a picture of a smiling Mr. Barry. The caption under the photograph read, "The laugh of American justice."

"This has a real moral impact here," said Hernando Santos, publisher of El Tiempo, the nation's largest newspaper. "The fact that Barry was black and a Democrat was stronger than the problem of cocaine abuse."

■ Police Kill Drug Chief

Medellín policemen shot and killed a key member of the violent Medellín cocaine gang Saturday in a gun battle in one of the city's wealthy neighborhoods, The Associated Press reported from Bogotá.

The dead man, Gustavo Gaviria Rivero, a cousin of the cartel's leader, Pablo Escobar Gaviria, exchanged shots with police before being killed, according to a police statement. Authorities said he was the third-most important member of the drug cartel.

Mr. Gaviria is the third gang leader to have been killed in gun battles with police during the past eight months.

The police said he was the main partner of Mr. Escobar, the Medellín gangster blamed for a terror campaign of bombs and other attacks that have killed hundreds of people over the past year.

The police say Mr. Gaviria acted as his first cousin's front man in several business transactions and that several of Mr. Escobar's properties are registered in Mr. Gaviria's name.

Mr. Gaviria was wanted for extradition to the United States on drug trafficking charges.

Day of the Motorcycles in South Dakota

By Dirk Johnson

New York Times Service

STURGIS, South Dakota — In a few days, when the thunder fades and the earth stops shaking, the people of this town of 7,000 will raise the window shades and peek outside again.

Until then, Sturgis belongs to 250,000 motorcyclists, a virtual occupying army in black leather, boots and tattoos, here for an annual conclave that has become perhaps the world's largest biker rally.

"Woodstock in leathers," as some have dubbed it, has grown far beyond the expectations or resources of this small town.

Since the gathering got under way the first weekend of August, seven bikers have been killed in accidents. More than 150 people have been arrested for drunken driving. Scores have been jailed for drug possession.

One night last week, a man knocked down the door of a house and held the blade of a 24-inch (61-millimeter) knife under the nose of its occupant before fleeing through the streets, smashing car windows and motorcycle headlights as he ran. Moments later, the assailant was shot and killed by the police after he charged them with the knife.

"This event has outgrown our community," said Jim Bush, the town's police chief. "This is asking a lot of South Dakotans."

Bikers from every state and dozens of countries are marking the 50th anniversary of the Black Hills Motor Classic, a yearly festival of racing and merrymaking.

"We don't have any trouble with them in the daytime, when we can see them," said a retired fire fighter working as a volunteer at rally headquarters. "At night, you get a little worried."

In such rural towns, where almost everyone has taken a spin on a motorcycle at one time or another, it takes more than a noisy machine or a hairy biker to raise eyebrows. But virtually overnight, Sturgis has become the biggest, noisiest place in South Dakota.

"The people of this town are under a lot of stress," said Theresa Doran, a waitress at Bob's Friendly Restaurant on Main Street. Regular customers stopped coming in last week, she said, adding: "We're a little uneasy. Have you gotten a look at some of these people?"

With throngs of bikers zooming up and down the streets and a few locals watching wide-eyed from the periphery, the town has the surreal look of a old movie about the Hell's Angels taking over.

In fact, the Angels are in town, as are the Banditos and the Sons of Silence, as well as bikers from clubs sponsored by Christian groups and Alcoholics Anonymous.

There are well-heeled professionals, too, with their expensive motorcycles — Malcolm S. Forbes was here last year — and all kinds of working men and women, some with children.

"It's only a small percentage of bikers that make trouble," said one townsman. "But a small percentage of 250,000 is still a lot of troublemakers."

In addition to the bikers, there are hundreds of law-enforcement officers on hand, including agents from the Drug Enforcement Administration and the FBI.

Services are strained to the limit. Water faucets are sometimes dry. The small jail has run out of space; some prisoners have been transported to Rapid City, 40 miles (65 kilometers) away.

Many Sturgis residents decided early August would be a good time to take a vacation. Others have locked doors, drawn shades and inserted earplugs. But some have adopted a profitable working philosophy: If you can't beat 'em, charge 'em. State officials figure that bikers will spend more than $50 million in Sturgis.

The rally started in 1938, when Clarence (Pappy) Hoel, a Sturgis motorcycle dealer, invited riders to join him for a few days to cruise and talk wheels. His wife, Pearl, made hot dogs, potato salad and iced tea for anyone who had 65 cents to pay, and a few who did not.

Today, it has a carnival atmosphere. The featured attractions include the Tough Man Contest, the Tough Woman Contest and fights where biting and kicking are forbidden, but not much else.

Vendors hawk T-shirts that rely heavily on themes of jingoism and sex. Tattoo parlors abound. And many of the women in attendance wear outfits skimpy enough to warrant arrest in parts of the state.

Bikers say they share something that transcends pinstripes or black leathers. "We're all equal," said Bruce Delles, who wore dark glasses and an earring shaped like a skull. "You ride a motorcycle, you're my brother."

But the spirit of brotherhood eluded Jeff Potter, whose pickup truck was repeatedly blocked by bikers. Like many, he was chafing about having been exiled from his own hometown. "The bikers have just taken over," he said. "That's fine if you're a biker. If you're not, it's a real pain."

Yosemite Is Closed as Wildfires Spread in West

By Timothy Egan

New York Times Service

SEATTLE — A siege of hot weather and electrical storms have produced the worst wildfires of the year in the Western United States, leading to the closing of Yosemite National Park and the evacuation of many small towns.

As of the weekend, more than 300,000 acres (121,000 hectares) were burning in four Western states, according to officials with the Federal Interagency Fire Center in Boise, Idaho. An additional 2 million acres were ablaze in the brush and spruce country of the Alaskan interior, they said.

Yosemite, the central California park that is celebrating its centennial, was closed Thursday for the first time in more than two decades.

National Park Service officials said about 10,000 people were evacuated from the park Friday morning in a move intended to clear the park's three main roads so that fire fighters could get at blazes covering about 12,000 acres. During the summer months, about 14,000 people a day visit the park.

There have been no reported injuries from the fires in the past week.

Three small villages around the park have also been evacuated. In one town, Foresta, several homes were burned, officials said.

Another California fire has burned nearly 18,000 acres in the Sequoia National Forest, south of Yosemite, posing a threat to the town of Kernville.

So far, 3.2 million acres have burned in the West this year, most of it in Alaska, more than double the acreage for the same period last year, officials said.

They said the acreage consumed was still short of that in 1988, when much of Yellowstone National Park and huge swaths of forests in Oregon and Montana burned during a prolonged drought.

In all, 3.7 million acres burned in seven Western states and Alaska that year.

Because of the danger posed by uncontained fires and a forecast that calls for another week of dry, scorching weather, federal officials were due to begin training about 1,000 soldiers at Fort Lewis, Washington, in how to battle fires. More than 10,000 federal fire fighters were already on the scene.

Most of the fires this year have been caused by lightning, which struck in the midst of a dry spell with temperatures of 100 degrees Fahrenheit (38 centigrade).

Lightning is responsible for the biggest fires in Oregon, which have burned 110,000 acres, almost all in the sage and juniper country of southeastern Oregon.

The worst fire in that state has skipped across nearly 73,000 acres near the town of Burns, whose 3,000 residents have been preparing for a week to evacuate.

About 40,000 acres of open range and scrub forest has burned in southern Idaho, near Twin Falls.

Fires in Washington have been relatively small, but the heat wave led officials to enact burning and logging restrictions on 12.5 million acres of state land.

Fires in Alaska continue to burn, most of them unattended, in the sparsely populated interior, where brush and small black spruce trees are being consumed.

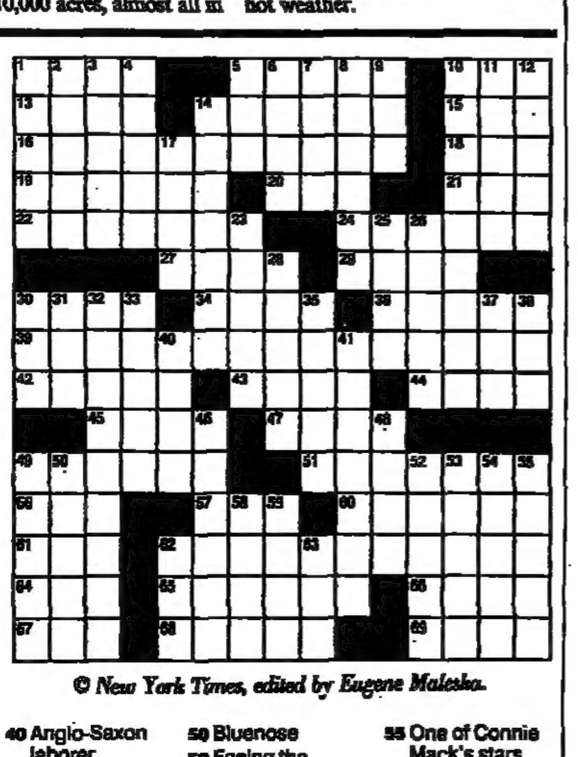
Officials said 2.4 million acres had burned this summer in Alaska, which is experiencing unusually hot weather.

ACROSS

1 Rooms at Ga. Tech
5 African snake
10 Weaken
13 U.S.S.R. range
14 Co-op employees
15 —— Aviv
16 Children's game
18 NATO member
19 One of baseball's Jacksons
20 Greek letter
21 On the —— (punctual)
22 Showed disdain
24 Siberian plain
27 Old Testament book
29 Tropical plant
30 Blubbers
34 One, in Germany
36 Cottons to
39 Board game
42 England's Scilly ——
43 Shortly
44 Mex. wives' titles
45 Actress Turner
47 Kooks
49 Grain ears
51 Picked up the tab
56 ——-la-la
57 Sigma follower
60 Diner
61 ". . . —— daily bread"
62 Card game
64 Bizarre
65 Certify
66 Where la Chine is
67 Bandleader Brown
68 Innermost part
69 Golfers' needs

DOWN

1 Comedian Bert's family
2 Foreigner
3 "The Red —— of Courage"
4 Military encirclement
5 Kind of hen or turtle
6 Church projection
7 Come together
8 Swimmer's —— stroke
9 Question
10 Card game
11 Fabulist
12 Piece of tableware
14 "Gesundheit" preceders
17 Leeds's river
23 Dehydrates
25 Face-powder ingredient
26 Actors Estrada and Rhodes
28 Architectural bracket
30 ——-fi
31 Cries of surprise
32 Table game
33 Kind of thief
35 Holler
37 Epoch
38 Draft agcy.
40 Anglo-Saxon laborer
41 Implore
46 Crafty
48 Actor Connery
49 Kind of pigeon
50 Bluenose
52 Facing the pitcher
53 Badger
54 Tennessee —— Ford
55 One of Connie Mack's stars
58 Movie dog
59 Consumer
62 Cheer
63 Adherent



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Solution to Friday's Puzzle

■	R	E	B	E	C	S	■	U	S	H	E	R	■	■
M	E	L	A	N	G	E	■	M	E	A	N	E	R	■
A	G	E	L	E	S	S	■	B	E	T	I	M	E	S
D	I	M	E	S	■	S	P	E	D	■	D	A	T	A
A	M	E	S	■	B	I	L	L	■	■	■	G	A	G
M	E	N	■	P	R	O	U	S	T	■	M	E	R	E
E	N	T	R	A	I	N	S	■	R	O	U	N	D	S
■	■	■	O	R	B	S	■	F	E	U	D	■	■	■
S	A	L	U	T	E	■	B	O	A	R	D	E	R	S
P	L	O	T	■	S	T	A	R	T	S	■	M	E	T
I	M	A	■	■	■	R	I	B	S	■	L	A	L	O
T	O	N	E	■	M	U	L	E	■	R	E	N	A	L
E	N	E	M	I	E	S	■	A	N	I	M	A	T	E
■	D	R	I	E	S	T	■	R	E	F	U	T	E	S
■	■	S	T	R	A	Y	■	S	E	E	R	E	D	■

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Dubai/London on Friday 27/July/1990.

Mr. MOHAMMED AKRAM (Ticket No. 17090)
of Fab Hosiery, U.K., winner of the Mercedes
Benz 560 SEC who travelled PIA, Dubai/Karachi
on Monday 16/July/1990.

هكذا من الأصل

INTERNATIONAL Herald Tribune
Published With The New York Times and The Washington Post

Egypt Stands Up

Egypt, by sending its own troops to the defense of Saudi Arabia, has sharply changed the politics of the resistance to Iraq. Other Arab countries are reportedly preparing to send similar forces. One danger in the rapid American airlift into the Saudi desert was the opportunity that it offered Saddam Hussein — an opportunity that he has been vigorously exploiting in his calls for holy war — to portray it as a move by the West against an Arab army., With Egyptians in the line against him, that claim becomes less plausible.

The Iraqi invasion of Kuwait constitutes aggression by one Arab country against another, and when the Arab League met last week there was much talk about the need for an Arab solution. But Iraq is unlikely to respond to exhortations and denunciations. President Hosni Mubarak of Egypt, a realist, now says he sees no hope for a peaceful resolution of the invasion. That's a pessimistic view, but it is widely held and it suggests that, if the Arab governments are to have an active and influential part in settling this affair, they are going to have to have troops at the places where it is to be settled. Egypt now has men there.

That not only undercuts Saddam Hussein's charges that the issue lies between the United States and the Arabs. It equally undercuts his cry that he is waging war on behalf of the many poor Arabs against the few very rich ones of the Gulf. There is more than the usual amount of hypocrisy in that one, for Iraq's enormous oil reserves would have made it one of the richest countries in the world if its present leadership had not squandered its wealth, as well as hundreds of thousands of lives, in eight years of war with Iran. Egypt has three times Iraq's population and a fraction of its oil production, but it is now on the other side of the skirmish line that is forming in the desert.

It is heartening to see Egypt exercising leadership in the strategy to force Iraq out of Kuwait. For the United States and Europe, the primary interest in political stability there is the flow of oil. Iraq's neighbors have much more at stake. Iraq has made it clear that its intentions go beyond this month's conquest. It proposes to make itself dominant among the Arabs. Saddam Hussein has been claiming, in recent days, to speak for all the Arab world in a great test of will and of strength with the Americans. But most of the Arab world denounced him in the Arab League meeting, and now Egyptian forces as well as Americans face him at the Saudi border.

— THE WASHINGTON POST.

What Bush Must Say

Scholars like Clinton Rossiter describe the American President in terms that make him sound like a hat rack: Chief of State, Commander in Chief, Chief Diplomat, Chief Legislator, Chief Economic Strategist and, at least until the end of the Cold War, Leader of the Western World.

Last week, a tired but tenacious George Bush demonstrated his appetite and aptitude for another role — leader of all countries, Western and Eastern, outraged by Saddam Hussein's naked aggression in Kuwait. At the same time, the president demonstrated a shortcoming that could undermine his orchestration of strength.

"Words at great moments of history are deeds," Attlee said of Churchill in 1945. Americans support their president when trouble strikes. But that support soon dissipates unless they understand the reasons to take risks. That's why Mr. Bush needs to fulfill another presidential function as important as the rest: Chief Trumpet.

George Bush, foreign affairs expert, rarely shines as a strategist. He let almost a year pass before seizing the monumental openings offered by Mikhail Gorbachev. He aided and traded with Iraq for over a year. Even so, as Friday's remarkable news from Cairo attests, he is a superb crisis manager. The vote by 12 Arab countries to send troops to Saudi Arabia gave him his third triumph of the crisis. It followed his success at persuading Moscow to join in condemning Iraq, and at mobilizing other countries to action.

The Cairo decision intensifies the pressure on Iraq and takes a potential curse off Mr. Bush's decision to send in troops. That decision was probably compelled by the danger that Iraqi armies would invade Saudi oil wells. But it ran the risk that Arab attitudes would one day curdle, making American defenders look like infidel intruders.

As admirably as the president has performed as crisis manager, however, another task looms. A president can call on patriotism for prompt support in a crisis. For it to last, he must engender understanding. For that, the public needs answers to some uncomfortable questions.

Notably, why before the invasion did the Reagan and Bush administrations so indulge Saddam Hussein? They granted him credits and technology transfers — all despite his hellish use of poison gas against Iran, and to slaughter 5,000 Kurds. Why did America stop at limp lamentation?

Since the invasion, Mr. Bush has been commendably clear in condemning Iraq. Still, his speech Wednesday was more notable for asserting the national interest than explaining it. New polls show that while most Americans endorse the president's action, half do not comprehend it.

Military necessity may have left no time to bargain with European allies over their troop contributions. But why must the United States again bear a disproportionate share of the burden of defending oil that they need even more than America does?

Sophisticated citizens know how much the world depends on Saudi oil. But whose job is it to educate ordinary citizens these harsh realities? The occupant of the bully pulpit. Energy experts argue compellingly that it's time to release oil from the Strategic Petroleum Reserve. But whose job is it to explain why U.S. conservation efforts have lapsed into indifference? The same Chief Trumpet.

No one expects eloquence from George Bush, who last week was at his plainspoken best. But if he's to sustain his siege of Iraq, he has to see that words are deeds.

— THE NEW YORK TIMES.

The Mayor Emerges

Marion Barry is entitled to be a very happy man now. Compared to what he still faced until the conclusion Friday of a trial that had captured the attention of Washington and the world as well, he has had a great success. This, after all, is a man who until moments before, stood in danger of being officially adjudged a felon and of being sentenced to incarceration. Much of the court business is still to be resolved: there are decisions to be made still about the 12 undecided charges. But today Mayor Barry stands guilty only of one misdemeanor: possession of cocaine. He has been acquitted of one other misdemeanor charge.

The sum of these decisions may not send the kind of neat, specific message that people, no matter what their predisposition, might have found easier to accept or reject. But the verdicts come from the efforts of 12 jurors who heard all the evidence without distractions or political pressures. The outcome is a product of the American system of justice and should be respected. Does such an outcome suggest that the entire prosecution and the ensuing trial were unnecessary or misguided? Was the ordeal of all involved really worth it? We think the answer is emphatically that it was.

This is true for the defense as well as the prosecution. Until all of this happened, the city was under the leadership of a man living a lie. Now Mr. Barry concedes this in his constant assertions of the number of days he has been drug-free and in his preoccupation with healing "my mind, body and soul." It is important to note that he counts from the day of his arrest. Had it not been for that arrest, this personal acknowledgment of drug use might never have come about at all. And the terrible situation would have continued in which the city — its police, its drug-fighters and those resisting the inroads of drugs in the schools and neighborhoods — would have been in the charge of a man himself a secret drug user. It is good that this process took place.

— THE WASHINGTON POST.

Other Comment

A Dangerous Waiting Game

Do not underestimate the hardship the Iraqi dictatorship will be prepared to inflict on its own people to stay in power; and do not overestimate the resolve of the West, or its Arab allies, to apply sanctions over a long period. To play the waiting game is to play into President Saddam's hands. There is already a sense of unease hanging over the whole venture that Mr. Bush has embarked upon, with the prospect of American forces languishing in the desert while Saddam contents himself on consolidating what he has gained. There will be no real purpose to the American expedition until Mr. Bush faces up to the harsh fact that Saddam will have to be removed by force. Saddam will not be dislodged easily, and he is ruthless enough to use any means, from murdering hostages to using chemical weapons, to try to save his skin. But any resolution of the current crisis which leaves his regime intact would be even more fraught with danger. If he is not dislodged now, no Arab government would dare stand up to him.

— The Sunday Times (London).

For the first time since the war, Britain and America are truly at one about what has to be done to protect oil in the Gulf. For the first time, also, they don't need to worry about the Soviet Union seeking to put a spoke in their wheel. Nor need there any longer be the slightest moral compunction about the West using its superior force against Arab nationalism. As a military threat Saddam is not to be compared to Hitler. But as a force for evil he is certainly in the same class. Compared to him the so-called feudal sheikhs are the benignest of despots. Not only is might on the Western side, but so is right.

— The Sunday Telegraph (London).

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OPINION

Another President Confronts the Middle East

By Jimmy Carter

The writer was president of the United States from 1977 to 1981. This is the first of two articles.

ATLANTA — For almost half a century, every president has had to confront a complex and dangerous threat emanating from the Middle East and to decide whether American forces would be dispatched to that region in the midst of a crisis. No other part of the world has so frequently forced us to face the prospect of massive and potentially devastating conflict.

President George Bush now joins an unbroken line of his predecessors stretching back to President Harry Truman. I wish him well as he wrestles with this recurring threat. Once the Iraqi invasion was launched, a firm response was his only option. He has our prayers and our support.

As difficult and dangerous as this task will be, we can take comfort in at least one advantage of tremendous significance: For the first time, our strategy and tactics can be devised and implemented without an overriding concern for their impact on the Cold War. The additional flexibility thus provided to the president is almost impossible to overestimate. For the first time, neither we nor the leaders of the Soviet Union labor under the possibility, if not the probability, that any action taken by either side will be misinterpreted and/or exploited by the other. Though the dangers of miscalculation are numerous and severe, neither a major shift in the geostrategic balance between Moscow and Washington nor nuclear holocaust are among them. For that we can all be thankful.

It is also encouraging to note the relatively rapid and positive response of other industrialized nations on both the diplomatic and economic fronts. This has seldom occurred in the past even when we were faced with behavior no less egregious and as threatening to their interests as to ours. Credit should be given to the diplomatic skills of our political leaders and also, perhaps, to an increased international recognition that half-hearted measures and the pursuit of shortsighted interests only serve to increase the ultimate danger to us all. Of course, we have every reason to watch carefully to determine if sustained actions conform to promises.

If the ending of the Cold War and a greater willingness to act in concert provide us with substantial advantages compared to previous crises, there are at least two other factors that plague President Bush as they did each of his predecessors: namely, the Arab-Israeli conflict, particularly the Palestinian question, and the dismal failure of our own country to acknowledge and deal with its energy vulnerability.

Unlike some other crises in the area, the Iraqi aggression is not the direct result of the inability to find a lasting and just compromise between the rights of Israelis and Palestinians. However, it is undeniably true that the absence of a viable peace process strengthens the hands of radicals, exacerbates tensions, encourages military adventurism and complicates the solution of problems. A persistent and believable peace effort has been absent from the region for more than a decade. The serious consequences have been made repeatedly obvious.

It would be a mistake to believe Saddam Hussein is only supported by those who fear him. As our friends in the region are only too well aware, he has enjoyed considerable support from Arabs who have not shared in oil wealth, from those who admire a Nasser-like Arab strongman, from those who see the United States and other Western nations as enemies because of our support for Israel, and particularly from many Palestinians who resent what they see as a lack of support for their cause from some of the oil-rich kingdoms, especially Kuwait.

Saddam has now lost this appeal to many potential Arab supporters in the region, however, by overplaying his hand. With wise diplomacy after the invasion of Kuwait, he might have been able to consolidate some of his gains, but his subsequent military maneuvers and belligerent statements have cost him greatly. There can be little doubt that this loss of his previous backing is now well understood by Saddam. One has only to review the text of his Wednesday and Friday speeches, more an appeal for support from the Palestinians and other Arabs than a justification of his actions to the world, to understand that he still seeks to exploit his appeal to the frustrated as well as military power to reach his goals.

If the peace process has been allowed to languish, our efforts to deal with our dangerous, embarrassing, and growing dependence on imported oil have been left to wither and die. If it is true that Providence punishes the foolish, then we face some difficult days indeed.

We learned in 1973 that we could no longer depend upon reliable supplies of cheap oil. We were reminded again in 1979. We are now in the early stages of lesson No. 3, and our dependence is, for all practical purposes, as great as it was when those two shocks produced a virulent combination of recession and inflation, which dashed the dreams of millions of American families.

It would not be much of an exaggeration to say that we have wasted the 17 years since oil prices more than quadrupled in 1973, or the 11 years since the Iran-Iraq war doubled prices in less than a year. The hard fact, known quite well by President Bush and only too well by Arab oil suppliers, is that we now have no effective national energy policy, nor any commitment to adopt one.

The Washington Post.

When It's Over, Saddam or His Army Must Be Gone

By Les Aspin

The writer, a Democratic representative of Wisconsin, is chairman of the House Armed Services Committee.

WASHINGTON — Saddam Hussein's invasion of Kuwait has done more to change strategic realities than any other military action of the postwar era. It's odd that some Third World dictator could do this. The reason is simple, however. It's oil. He has gotten our attention by putting several divisions adjacent to half the world's oil reserves. He has placed a knife beside our jugular.

What are we going to do about this? The outlines of our policy are emerging. Politically, a campaign to isolate him and to convey to him that he is playing with fire and could set off a conflagration. Economically, an effort to squeeze him through sanctions and a blockade. Militarily, an evolving commitment to defend Saudi Arabia.

Fine. But where does all this lead us? What is the outcome we desire? What is the minimal result we can accept? It is important that we define our goal for two reasons.

First, it will soon become clear that this campaign against Saddam Hussein is going to be costly. An embargo means we will be driving up the cost of oil, and gasoline at the pump. A sustained military buildup in the region would eliminate for the moment the peace dividend everyone has been looking forward to. If push comes to shove and we end up in a war, the costs will be measured in body bags.

Second, we will soon be hearing the approaching footsteps of people trying to broker compromises. Right now both George Bush and Saddam Hussein sound like they are ready to go to the mat. Soon that will make a lot of people nervous. Arabs from the Gulf are already dickering with Saddam, trying to buy him off. The embargo will soon prompt others to complain that Kuwait is just a little country far, far away and not worth the effort.

As talk of costs and compromises fill the air, foreign and domestic pressures will mount on the Bush administration to strike a deal. A lot of deals are possible. What can we accept?

The absolute, finite, bottom-line minimum we need to extract from all this is that Saudi Arabia emerges as an independent actor, one able to set its own oil policies without first telephoning Saddam Hussein. We are scrambling now because Saddam threatens to control half the world's oil reserves, either by physically seizing them or by so intimidating the Saudi royal family that it voluntarily accedes to his demands. We cannot tolerate either. Saudi Arabia must remain independent in fact as well as name.

The UN Security Council resolution establishes as its bottom line the restoration of the status quo ante. It demands the withdrawal of Iraqi troops from Kuwait and the reconstitution of the Kuwaiti government. But that won't do. The status quo ante can't be completely restored. Saddam's resort to force is history and cannot be wiped from the Saudi psyche. Saddam showed he is both willing and able to resort to force. Those two genies cannot be put back in the bottle and will continue to rattle Saudi Arabia.

Thus, guaranteeing our bottom line boils down to ridding the world of Saddam Hussein or his army. We can tolerate Saddam Hussein without a million-man army; and we can tolerate Iraq's army without Saddam Hussein. But we cannot live with the two together. Getting rid of one or the other is the ideal outcome.

The Iraqi army may decide that, faced with this choice, it would prefer to jettison Saddam. Or the Iraqi public may find the pain of a blockade so displeasing that it will rise up. And, of course, the action of only a single disenchanted person could send Saddam to his ultimate reward.

Clearly, any outcome that leaves Iraq in control of Kuwait is not acceptable. Nor is it acceptable for Iraqi troops to remain positioned to intimidate the Saudis into adopting whatever oil policies Saddam dictates.

This is the defining event of George Bush's presidency. This is the defining event of Saddam Hussein's presidency. The outcome will determine which survives politically.

I support the administration's policy and expect that the public will support it as well — if it understands the stakes involved. Simply put, if we allow Saddam to control half the world's oil reserves, he will control our economy — determining our rate of inflation, our interest rates, our rate of growth. That cannot be permitted.

Deployment involves risks. There is a chance of war. Of course, there's an alternative; we can avoid the risks. We can let Saddam have our jugular.

The Washington Post.

A Good Start, but Caution Is in Order

By William Pfaff

PARIS — Saddam Hussein is not Hitler, and to describe him as Hitler feeds hysteria and confusion. There are serious people in the Arab world who believe him Bismarck. They see Saddam Hussein reuniting an Arab "nation" arbitrarily and exploitatively parceled up between France and Britain in 1918 when the Ottoman empire collapsed, kept divided today by "imperialist" America and its protégé and alleged agent, Israel.

If you do not understand this view of things you cannot appreciate the reserve of strength Iraq's president possesses all across the eastern and southern Mediterranean. It is popular strength in those conservative Arab states whose leaders today uneasily are allied with the United States.

Saddam's supporters call him a new Nasser. Gamal Abdel Nasser of Egypt was a nationalist but also a social revolutionary. Overthrowing Kuwait's rulers is popular among ordinary Arabs, who ask who these Gulf princes are to live in what often is obscene luxury. Millions of people in this same Arab "nation," who did not have the good fortune to live above underground lakes of oil, exist today in squalid poverty and disease. Saddam seems, to them, to be on their side.

This is an aspect of the affair that U.S. policymakers must handle with care. Maladroitly conducted, the policy that President George Bush has carefully defined thus far as wholly defensive, an operation in support of America's allies, fulfilling America's proper commitments, could turn into a popularly perceived assault upon the Arab masses and on social justice.

A second confusion is overestimation of Iraq's power. As a result of the war against Iran, Iraq possesses a very large, well-equipped, experienced and competently led army. The industrial base of the nation, however, remains primitive. Its gross national product is estimated at some $45 billion, half that of Egypt, roughly the same as Israel's.

The limited and well-defined purpose of the U.S. intervention must carefully be preserved. American fulfillment of commitments to its allies, the Saudi kingdom, to which the United States has for many years formally accorded protection, and Turkey, a NATO ally — obligations of national honor — is understood and respected in the Islamic world. This is so even when the actual result, as now, is one that many oppose.

The catastrophic reputation that the United States has recently suffered in this region followed from betrayals: a frivolous and murderous Lebanese intervention in 1983, which was followed by flight when Islamic extremists struck back, and abandonment of the shah of Iran in 1979, followed by a cowardly effort to dump the dying man someplace where the U.S. would seem to have have nothing to do with him.

Today's intervention must respect the engagements that the United States has given its allies, and it must observe the terms of the mandate voted by the United Nations. An unprecedented international mobilization now has occurred to isolate Iraq and, in the words of the UN resolution, "to restore the sovereignty, independence and territorial integrity of Kuwait."

It is correct for the United Nations and the United States to demand that Iraq leave Kuwait, but it still may take war to get them out. If that happens it is above all desirable that America act scrupulously within the international mandate and demand international participation.

Grim as the prospect of land war is, air attacks inside Iraq that produce large-scale collateral civilian casualties, as in Vietnam, would disastrously discredit the entire affair. This tactic is the inveterate impulse of U.S. military and government because it seems the cheap way out, sparing Americans. But it has proved invariably incapable of producing decisive ground withdrawals by a determined enemy, and its human costs are unacceptable.

An opportunity now exists to restore the lost reputation of the United States as a reliable, effective and law-abiding ally, and a force for international order. Mr. Bush has begun well. The risk of failure is considerable, but it is warranted by what may be gained.

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Romania: Let's Help Cultivate a Democratic Nation

By Steny H. Hoyer

The writer, a Democratic representative of Maryland, is co-chairman of the Commission on Security and Cooperation in Europe.

WASHINGTON — The recent elections in Romania and their aftermath have reminded us that there is more to democracy than simple majority rule. Judging by the margin of victory, President Ion Iliescu's National Salvation Front would likely have won even without the intimidation and chicanery that marked the campaign and voting. But this plurality at the polls does not guarantee tolerance for competing ideas, the other essential component of democracy. The nations of the Conference on Security and Cooperation in Europe can help foster real democracy in Romania while acknowledging Mr. Iliescu's electoral success.

Almost two months after the bloody rampage by thousands of pro-Iliescu miners in Bucharest, Romania's democratic forces are struggling to maintain a foothold in the face of an official, anti-opposition press campaign and persistent government efforts to expel human rights groups from their headquarters. As the independent Romanian Group for Social Dialogue noted in a recent statement, Romania has entered a period of "transition from the electoral defeat of the opposition to its suppression."

Mr. Iliescu's National Salvation Front has never conceded that the unity necessary to move the country forward could be achieved through diversity. The new government's determination to stamp out the opposition demonstration in Bucharest's University Square on June 13 reflected its conviction that the overwhelming Front victory justified a violent contempt for the political minority.

For its part, the opposition has not gathered enough popular strength to draw the Front-dominated government into dialogue. Opposition parties hold some 20 percent of the seats in parliament, but they are fragmented. The most insistent advocates of democracy, such as the League of Students and the Alliance for the Proclamation of Timisoara, which energized the nonviolent University Square demonstrations of April and May, are working outside the formal political process by cultivating democratic attitudes at the grassroots level.

Their tactics reflect their assessment of the dominant political tendency of Romania's population as demonstrated during and after the campaign. After decades of deprivation and humiliation, many Romanians rejected ideas coming from opponents of the governing party that had, after all, provided more food, privately worked land, and in some cases, wages, than they had seen in years.

Romanians missed out on an exercise crucial to the development of a healthy pluralism elsewhere in Eastern Europe: the government opposition roundtable. First initiated in Poland, these roundtables set down the ground rules for the transition to democracy in the region. They established in practice the principle that various parties and interest groups had legitimate roles to play in determining the future of their countries.

If one message comes through loud and clear from the Romanian opposition, it is a plea for aid in building a civil society. The March 1990 opposition manifesto, the Proclamation of Timisoara, won recognition for its demand to ban high-ranking Communist activists from political life for 10 years, but it actually contained a far more elaborate program. Its provisions included calls for unity in the face of "divide and conquer" methods of setting classes against one another, tolerance and mutual respect among the majority and minority populations, the right to free expression, and administrative and economic decentralization.

The CSCE states can make important contributions in all these areas. On the government level, we must hold Bucharest to its human rights commitments, including those agreed by 35 countries at the CSCE human rights meeting in Copenhagen in June. But we can also provide more direct, and directed, aid aimed at influencing popular attitudes.

Our countries can infuse Romania with human energy. The U.S. Peace Corps program recently sent groups of English-language teachers to Hungary and Poland. Romania needs volunteers to provide basic medical care and training, as well as education.

We should increase the number of Romanian exchange participants. Under Nicolae Ceausescu, the number of Romanians permitted to travel abroad and participate in exchange programs fell precipitously, in effect costing Romanians years of contact with the West. They also lost the kind of independent links in Eastern Europe that proved so fruitful in fueling the revolutions of 1989.

Our governments should ensure that such broadcasts as the Voice of America and Radio Free Europe have sufficient funds to continue broadcasting to Romania. The radios supplement the country's fledgling independent press to fill an information gap. They have the greatest potential to reach broad audiences and plant the seeds of democratic attitudes.

Finally, the CSCE states should call on Mr. Iliescu to show the way. Now that he has withdrawn from the National Salvation Front to become a "nonpolitical" president, Mr. Iliescu should act like the leader of all Romanian citizens. As the government launches reforms, his first priority should be to call together a roundtable involving representatives of all political stripes. Mr. Iliescu's electoral mandate allows him to do what he must to address Romania's most pressing need: issue a ringing endorsement in word and deed of tolerance.

International Herald Tribune.

Americans Will Know Who Went

By A. M. Rosenthal

NEW YORK — The alliance between the United States and Western Europe will face a clear but so far unspoken danger in the Middle East. It is important to face it in advance. Unless allies of the United States are willing to commit ground troops — not just votes at the United Nations, not just planes and warships, but ground troops fighting in support of American soldiers and marines — the alliance will become a mockery to millions of Americans.

If there is a desert battle in which American troops are the only Westerners to fight and die, American emotional withdrawal from the alliance will come quickly. A national surge for American political and military withdrawal will follow as the night the day. In the next election American candidates who still believe the alliance is worth American treasure or blood will be able to say so — and then retire to private life.

The only way to prevent all this is for Americans who believe in the worth of the alliance to speak up frank and loud. This has not yet been done by American diplomacy or the American press. So far everybody is pleased by the Western support President George Bush has been promised at sea and in the air. That pleasure will last until the first ground battle.

The votes at the United Nations show that finally European governments understand that Saddam Hussein's dictatorship is not simply a "regional" threat.

Kuwait, Saudi Arabia and the other oil states are feudal tyrannies, in themselves not worth jeopardizing the life of a single foreign soldier.

If Saddam ever decides to let some of the Kuwaiti ruling family creep back into the country, they will eagerly follow his boots where he leads them, preferably into Israel — but with their money, of course, not their lives.

But because Saddam's lust for power has exceeded his wisdom, the West sees now what was always quite plain to see. Saddam Hussein intends to control the entire Middle East, as the instrument for dominating the Western economy.

The West deluded itself so long because it was wonderfully profitable to sell him weapons and death factories and to buy and resell his oil. American business lobbies told us what a good guy he was, remember? Western Middle Eastern specialists sang us the lullaby about Arab brotherhood and how Brother Saddam would not attack Brother Emir or Brother King.

Brothers? Ask the Lebanese about shellfire from the occupation of Brother Syrians or the Kurds about the slaughter by Brother Iraqis. European, African and American nations also know how to kill each other. But they spare the world the prattle about brotherhood while doing the killing.

Saddam ended the delusion by making his threat to his brothers and to the West at least temporarily inseparable. Our economy and their necks are bound together by his greed.

Fortunately President Bush sent ground troops before he had any guarantee that the Arabs or our allies would join us with the necessary strength. If Mr. Bush had waited for advance guarantees, we would be waiting still. Saddam would be turning the oil spigot on and off at his pleasure while we gathered below, with money and weapons for him in our submissive hands.

It is not brotherhood that prevented the Arab states from uniting against Saddam before he sent his troops into Kuwait or why they kissed him for the cameras.

This is the knowledge that eats at their leaders: They are too weak in the esteem of their people to take any risks with confidence.

Now Arab states say they will create an Arab force to help the United States save their oil and skins. That will be welcome, but perhaps it is better to wait to see how many Arab states put soldiers into the field.

Whatever the Arabs do, Americans will feel they have every moral right to expect the support of the allies where the United States gave it to them — on the battle ground. The Western alliance cannot afford to wait long for Britain, France, Italy, Greece and other partners to commit themselves to join the American soldiers in the sand if the battle comes.

One day Saddam Hussein will go down, to Western power, to a coup or to an Arab terrorist, perhaps even his own working for a new Arab master. But it will be a terrible sorrow if, before he goes, he is able to do what Hitler and Stalin, his role models, could never do: Turn Americans away from the Western alliance.

The New York Times.

100, 75 AND 50 YEARS AGO

1890: Guillotine Exports

PARIS — M. Deibler, says the Figaro of this morning, has had constructed half a dozen new guillotines, ordered by the French Government for the Colonies. Colonials always did ask to be treated like the inhabitants of the mother country.

1915: Baltic Skirmish

PARIS — "German naval forces," it is stated in a despatch from Berlin, via Amsterdam, "on Tuesday [Aug. 10] attacked the Russian ships lying in the Archipelago near the Schaeren Isles and, by their fire, forced the Russian ships to withdraw, among which was an armed cruiser of the Makaroff class. Other German cruisers drove off Russian torpedo boats which appeared near the entrance to the Gulf of Riga, and a Russian torpedo boat destroyer was seen to be on fire. The German ships were repeatedly attacked by Russian submarines.

1940: Blitzkrieg Is On

PORTSMOUTH, England — Observers here saw German planes crash in flames today [Aug. 12], their pilots leaping for their lives by parachute when their craft were trapped in a web of fire during an attack by 50 Nazi aircraft on this vital British naval base. Fires broke out in many parts of Portsmouth, whole rows of houses were wrecked and streets were peppered with shrapnel. A hospital caught fire, but the flames were quickly extinguished by asbestos-garbed crews of air-raid precautions workers. It was Portsmouth's worst air attack since the start of the war, but the people remained calm, and witnesses were impressed by the morale and the coolness of the A.R.P. services. A church was demolished and one bomb hit an A.R.P. depot, but the workers had scrambled to safety in an underground dugout. Another bomb hit near a hospital where 40 civilians were patients.

— From the New York edition of the New York Herald Tribune.

Gorbachev Extends Deadline on Arms

By David Remnick

Washington Post Service

MOSCOW — President Mikhail S. Gorbachev has extended by two months the deadline for nationalist militias to surrender their arms.

Mr. Gorbachev's decision came after a series of meetings between the central authorities, including Prime Minister Nikolai I. Ryzhkov and Interior Minister Vadim V. Bakatin, and the presidents of the country's 15 constituent republics.

Last month, Mr. Gorbachev had given nationalist groups until last Thursday to disarm. But many of the militias, supported by some republican governments, defied the order, and confrontations with the Soviet Army, especially in Armenia, appeared imminent. The deadline was allowed to pass.

Ever since anti-Armenian violence broke out last winter in the Azerbaijani capital, Baku, and along the border of the two republics, thousands of Armenian militants have formed paramilitary groups, often using weapons stolen from local Soviet Army regiments.

Levon Ter-Petrossian, the president of Armenia, has said there are no more than 5,000 or 6,000 such paramilitary troops, although Moscow officials say the numbers run into the tens of thousands. The Communist Party newspaper Pravda said that in Armenia, about 6,700 rifles and 1,200 machine guns had been stolen from government arms depots. Nationalist groups in other areas also have plundered Soviet arms supplies.

To avoid confrontation with the Soviet Army, Mr. Ter-Petrossian, a prominent nationalist leader for 25 years, told Soviet officials that he intended to make sure that all paramilitary troops are brought under the control of the newly elected Armenian parliament.

Mr. Ter-Petrossian reportedly told Mr. Bakatin that all stolen firearms would be turned in. Mr. Bakatin said that since Mr. Gorbachev issued his ultimatum about 100,000 rounds of ammunition and 1,600 weapons had been turned in voluntarily or recaptured.

The hostility between mainly Christian Armenia and Muslim Azerbaijan has deep historical and political roots, and in recent years has focused on the control of a mountainous enclave, Nagorno-Karabakh, which has a mainly Armenian population but has been under Azerbaijani rule since 1923.

The Armenian and Azerbaijani parliaments insist they have rights to the enclave. Nagorno-Karabakh has been the scene and source of so much violence for the past two years that one Soviet official called the region "our domestic Lebanon."

■ Russia Nullifies Contracts

The Russian Republic, which is the largest Soviet republic, has invalidated contracts signed by the central government to sell natural resources, including $5 billion in diamonds, The Associated Press reported.

The declaration, approved Friday, steps up a battle between the central government and the Russian republic over the division of power and resources. Russia has 75 percent of the Soviet Union's land and much of its natural wealth.

The Russian government's order invalidates all contracts signed without its approval to sell the republic's diamonds, metals, oil, gas, uranium and manufactured goods the republic considers "strategic," the Tass press agency reported.

Most republics are considering ways of gaining control over their own resources from the central government, but Russia's attempt to halt a large diamond deal concluded in July would be the first concrete step.

Tass did not say how the declaration would be enforced or give any other details. The official Soviet press agency said the central government has continued to sell Russian resources abroad — often without notifying the Russian government — since the republic proclaimed its sovereignty on June 12.

It said the last straw for the republic, whose president is Boris N. Yeltsin, was an exclusive five-year contract with the De Beers company of South Africa to market the Soviet Union's diamond output. The agreement which would tie up Russia's diamond production for the period of the contract.

The central government was to receive an immediate loan of $1 billion as part of the transaction.

Reuters

An armed Armenian militiaman standing outside the parliament in Yerevan. Moscow extended the deadline for disarming militias.

Berlin Shift Too Costly, Bonn Aide Says

Compiled by Our Staff From Dispatches

BONN — Finance Minister Theo Waigel said Sunday that a united Germany could not afford to move its working capital from Bonn to Berlin.

"I need, at the moment, every mark for the people, for investments and not for showcase building," Mr. Waigel said in a television interview.

He also estimated that a supplementary budget to help East Germany survive economically over the rest of this year would probably need to be "something over 10 billion marks," or about $6 billion.

In another development, Foreign Minister Hans-Dietrich Genscher's Free Democrats have merged with their liberal East German allies to become the first revived pan-German political party.

West Germany has already budgeted nearly 25 billion marks for this year to cover East Germany's budget deficit.

Mr. Waigel said a differentiation between the capital and the seat of government in a united Germany is needed, according to a transcript of the program on the West German network ZDF.

Negotiators from East and West Germany stipulated in a unification treaty paving the way for the legal merger of the two Germanys that Berlin will be the capital. But they left open the question of whether the government would be situated there.

Mr. Waigel said moving the government from Bonn to Berlin, Germany's prewar capital, could not be financed "in the coming years."

West Germany had not built so many government buildings in Bonn just to abandon them, he said.

Mr. Waigel, leader of the conservative Christian Social Union, the Bavarian sister party of Chancellor Helmut Kohl's Christian Democrats, called the capital fight "completely superfluous."

Klaus Rauen, Bonn's deputy city manager, estimates that it would cost no less than 50 billion marks to relocate government offices and employees in Berlin.

Meeting in Hannover, representatives of the Free Democrats and East Germany's alliance of liberal parties voted to merge into one party under the name "FDP — the Liberals."

They elected Otto Lambsdorff, leader of the West German liberals, as the first chairman of the united party.

The Free Democrats' most prominent member, Mr. Genscher, stressed that his party wanted unification as quickly as possible and said it would be a chance for "Germany's liberal renewal."

Mr. Genscher also used the opportunity to reiterate that a unified Germany would want a united Europe that included the Soviet Union.

The Free Democrats are the junior member of Chancellor Helmut Kohl's governing coalition.

The Germanys are planning unified elections on Dec. 2. But when East Germany will vote to merge with the West under a provision of Bonn's constitution remains a question. *(AP, Reuters)*

BIRTH: *New Kind of Motherhood*

(Continued from page 1)

she "ended up feeling bonded" to the babies and "kind of sad" when she left them, but that "seeing how happy the couple was was a real big payoff for me."

Mrs. Toole, who is married and the mother of four children of her own, said that even though she spent the last six weeks of her pregnancy in the hospital and gave birth by caesarian section, she "would do it again." She was paid $10,000, which is the usual fee in such cases.

Physicians who treat infertile couples and businesses that arrange surrogate contracts report the increasing use of women who are hired by couples to carry their genetic embryos.

The method has been theoretically possible since the 1978 birth of the first baby of in vitro fertilization, Louise Brown, but it was hardly used in the United States until two or three years ago.

The experts say that more and more infertile couples are creating embryos from their own eggs and sperm and hiring other women to carry the fetuses to term. The chance of multiple births are increased through this method because several embryos are used to improve the chance of a live birth.

But because the new technique is more complicated medically than the technique that uses a husband's sperm and a surrogate's egg, and the new technique has a much smaller chance of achieving a pregnancy and a live birth, far fewer births are resulting from it.

The new method is also more expensive. The total cost to the couple is about $40,000, or approximately $10,000 more than the cost of traditional surrogacy.

Having an unrelated woman carry and give birth to a baby for someone else is a subject of sharp debate among physicians. Some say it offers new hope to infertile couples when the wife produces eggs but has no uterus or some other medical condition prevents her from carrying a pregnancy.

Opponents say the technique is ripe for abuse by women who do not want to be inconvenienced by pregnancy. They also see the potential for ugly legal battles if the woman who gives birth should try to keep the baby.

They say the courts will have to decide who is the legal mother: the woman who gives birth or the woman who provides the egg.

There has been no legal contest yet. So far, lawyers say, courts have allowed the couple who donated the sperm and egg to put their names on birth certificates as the legal parents.

The Baby M case brought surrogate motherhood to public attention when the surrogate, Mary Beth Whitehead-Gould, changed her mind and fought for custody of the child she had carried for William and Elizabeth Stern.

In 1988, the New Jersey Supreme Court restored the parental rights of Ms. Whitehead-Gould, who is the genetic mother of the baby, but it allowed the Sterns to retain custody, leaving Ms. Whitehead-Gould with the right to regular visits with the child.

Soviet Oil Plant Blast Kills 6

Reuters

MOSCOW — Six people were killed when a blast ripped through an oil processing plant in Yaroslavl, about 240 kilometers (150 miles) northeast of Moscow, Tass reported. The cause of the Saturday explosion was not immediately known.

LAWYERS: *No Firm Guarantee*

(Continued from page 1)

than the bottom line. While only a handful of associates were eventually promoted to partner, all but the most inept could remain, often for years, until something else came along.

And when they left, they did so quietly, with their reputations and their dignity intact.

Now, young lawyers are discovering that the marketplace works both ways.

"I never expected to stay forever, but I didn't expect to get booted out the door," said an associate formerly at Cahill, Gordon & Reindel, one of 24 dismissed earlier this year shortly before the firm's principal client, Drexel Burnham Lambert, filed for bankruptcy.

The firms involved do not deny that many lawyers have been asked to leave. But, straining to preserve long-cherished images of gentility, they insist the dismissals are based on merit rather than on reduced earnings.

The layoffs have left many young lawyers feeling betrayed by institutions which, they say, courted them, exploited their loyalties and worked them incessantly, only to dump them when times got tough and to blame them for poor performances. That, in turn, leaves some feeling chagrined over their own naiveté.

"A lot of young people think they can go to a good law school and get a degree which will guarantee them stability and interesting work for the rest of their lives," said a member of a service that has helped place some of the dismissed lawyers.

"I feel like an idiot, I really do," said one of 10 lawyers let go by Rosenman & Colin. "When it comes down to money they'll just turn around and stab you in the back. Everyone is saying I'll get over it, but it's something I don't think I'll ever get over. I really felt I was a good lawyer."

Young lawyers still working at their firms — as they look for other jobs — fear antagonizing those who have dismissed them, on whom they must still rely for references. Others, who have left, fear being branded second-rate.

So, while commenting, most prefer to remain unidentified.

"Egos have a lot to do with this industry," said a former associate at Rosenman & Colin. "Even if the layoffs were economic, no one wants someone else's rejects."

The dismissals have created a climate of fear in large firms, a feeling not confined to those directly affected. It has spread to summer associates, who expect to receive far fewer offers of permanent employment. It exists, too, among lawyers who survived the last round of dismissals but fear the next, which many expect to come sometime after Labor Day.

"These people were all young superstars who never experienced rejection before, never had to worry financially, got themselves into expensive apartments and life styles and then, boom!," said one attorney. "Someone said, 'It's got to stop.'

"Nobody feels secure. Everyone's walking around on eggshells, wondering whether they're next."

Quake in Ecuador Kills 4

Reuters

QUITO, Ecuador — At least four people died in an earthquake in northern Ecuador, a Civil Defense chief said. The tremor, measuring 5 on the Richter scale, hit Friday night in a rural region about 30 kilometers (19 miles) north of Quito.

SHOWDOWN: *From Regional Spat to World Crisis*

(Continued from page 1)

the United States as the world's preeminent military and diplomatic force, and enhanced stature for Mr. Bush as a statesman-warrior who speaks loudly and carries a big stick.

But as tens of thousands of troops and an armada of warships converge on the Gulf, a happy ending does not appear imminent. U.S. officials say they believe a long-term solution probably requires the removal from office of President Hussein. For a man "backed into a corner," as Mr. Bush described the Iraqi leader last week, that may leave no face-saving option but a military battle.

The global revulsion at Mr. Hussein's aggression was nearly unanimous, and the response it produced has been swifter than anyone might have expected. By getting the Soviets to join in the condemnation of the invasion, by rushing to the defense of Saudi Arabia and by winning mandatory sanctions from the United Nations, the United States and its partners have denied the Iraqi leader any political cover for his invasion and deprived him of any room to hide.

But his isolation now makes the prospect of finding a diplomatic solution remote. One official suggested that Mr. Hussein might try to bargain with Saudi Arabia to reach a settlement. U.S. officials say they hope Saudi resolve has been strengthened by the international commitment of recent days.

Now that he has achieved the status of international outlaw, dealing with Mr. Hussein will be more difficult.

"Let's say Saddam Hussein decided to call it a day and rolled back home," said Paul K. Davis, director of strategy assessment for the Rand Corp. and a former Defense Department official. "Then what? The next time, it's almost certain he would go for broke right away."

"Or what if this crisis somehow is resolved and in a number of years from now Saddam is still in power and has nuclear weapons?" Mr. Davis said. "Both of those argue for trying to resolve things cleanly now."

But there may be no "clean" solution given the large number of foreign nationals in Iraq and Kuwait, including about 3,500 Americans. An effective blockade might strangle Iraq, but how would the United States and its allies react to televised pictures of thousands of starving hostages held in Iraq and Kuwait?

This unanticipated confrontation developed quickly, with U.S. officials scattered around the globe at the time of the invasion, and many issues now coming to the fore have not been thoroughly analyzed, including the long-term impact of a stalemate. Much of the administration effort in the last 10 days has gone into engineering a string of diplomatic victories, most recently the agreement by a dozen Arab League nations to send troops to Saudi Arabia.

This lessens the danger of the United States' being perceived as an imperialist aggressor. But if war erupts, Americans may scrutinize the nationalities of the casualties to gauge whether American men are dying disproportionately for German and Japanese oil. A senior United Nations official said it might take an additional two weeks to reach an agreement to fly the UN flag over forces enforcing an embargo, a development that could bring Soviet military participation.

For now, about a quarter of Iraq's million-man army is digging in in Kuwait and southern Iraq with machine guns, artillery, tanks and rocket launchers for a self-described "life-and-death fight." The U.S. deployment, quickly expanding from a trickle to a flood, could reach 200,000 under some circumstances now contemplated by the Pentagon.

The logistical and tactical challenges are as daunting as the 12,000-mile (19,00-kilometer) lifeline to Southeast Asia a generation ago. From the experience of reflagging Kuwaiti ships in 1987, military logisticians know that some kinds of equipment wear out three times faster in the harsh Gulf climate.

Strategically, some U.S. analysts say they now suspect that Mr. Hussein, having missed the opportunity for an easy invasion of Saudi Arabia, may have decided not to pull the trigger first. The United States and its allies could thus face the momentous decision of whether to take the offensive.

Although Iraqi targets are considered vulnerable to air strikes, past experience often has shown that the only way to dislodge an entrenched, capable enemy is with a ground attack that typically requires a 3-to-1 superiority in numbers over the defender.

Also, U.S. Army war games have indicated that the United States would find it difficult to oust an invader from occupied oil fields, like Kuwait's, without destroying the production facilities.

One U.S. Army official said: "We have to disabuse people of the notion it would be easy. There will be lots of casualties and lots of destruction."

Iraq's huge stocks of mustard gas and Sarin, a chemical weapon developed from insecticide, are a sinister wild card.

The prospect that Iraq might attack U.S. forces with chemicals could force the United States to contemplate seriously the use of nuclear weapons for the first time in 45 years. Some members of Congress, like Representative Robert G. Torricelli, Democrat of New Jersey, say they believe the United States should make clear that the use of chemicals will be regarded as the "moral equivalent" of detonating tactical nuclear weapons.

How to fight against gas is a subject of constant discussion in U.S. ranks. "If Iraq goes chemical, I would hope we'd take it up a step," said one commander preparing to ship out for Saudi Arabia. "My particular response would be to see that Baghdad didn't continue to exist."

MUBARAK: *Siding With West*

(Continued from page 1)

is shackled by his commitments towards America, Israel and the oil emirs."

Referring to the meetings arranged by then-President Jimmy Carter, another Iraqi newspaper, Al Jumhuriya, said: "The knights of Camp David, foremost among which are the rulers of Egypt and Saudi Arabia, have adopted an American resolution to bolster imperialist and Zionist threats against the glorious Arab nation."

The Iraqi line has won backers, with angry, frustrated Palestinians and other Arabs across a spectrum of nationalists, leftists and Islamic fundamentalists mounting demonstrations in Jordan, the Israeli-occupied territories and Yemen, among other places.

Egypt announced on Sunday stepped-up security measures around foreign embassies, government offices, hotels and other potential targets of demonstrations or terrorist attacks.

Long the butt of criticism by Egyptian intellectuals and of jokes in coffee houses for his plodding and phlegmatic manner, President Mubarak faces overwhelming problems in a chronically decaying country with nearly $50 billion in foreign debt, overpopulation, underemployment and general malaise.

But Mr. Mubarak has increasingly gained grudging respect for his careful, steadfast manner and his consolidation of power.

Last year, he retired a powerful potential rival, Defense Minister Abdel-Halim Abu Ghazala, an American favorite who had built a vast, powerful separate empire in the military. Early this year, he gained widespread public approval by removing the tough interior minister, Zaki Badr, whom he had appointed to crack down on insurgent Muslim fundamentalists but who had offended many Egyptians by his rough ways.

Avoiding President Sadat's flamboyant style and self-indulgence, Mr. Mubarak has remained a hard working, self-effacing family man.

He is noted for his efforts to slowly build democratic institutions and for rigid personal probity unusual here: his family has not profited from his office. These are traits not widely shared by other Arab leaders, including his predecessor.

"We have done all we could," President Mubarak told reporters in his stolid manner on Sunday. "And it is Saddam's turn to respond."

BAKER: *U.S. Arms to Back Up Embargo*

(Continued from page 1)

Jordanian port of Aqaba," one official said.

"Closing the canal is like slitting a major vein," he said, because the canal is critical to Iraqi commerce with Europe, and its closure would make interdiction much easier.

Another senior official emphasized, however, that the administration had been talking about the sanctions with many of Iraq's trading partners and that no specific request had been made to Egypt to shut the canal.

"We're ruling nothing out," the second official said, but "the focus is on individual and collective compliance" with force as a last resort "if other measures failed."

Meanwhile, the Defense Department said Staff Sergeant John Campisi of the U.S. Air Force died at an air base on Sunday in Saudi Arabia, apparently as a result of an accident.

It was the first U.S. military fatality in the Middle East since troops were sent to help defend Saudi Arabia after Iraq's invasion of Kuwait.

U.S. forces continued their military buildup as a senior Defense Department official declined on Sunday to place any limits on the eventual buildup.

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Luxembourg	L.Fr.	11,000	7,200	6,000
Netherlands	Fl.	600	492	340
Norway (airmail)	N.Kr.	2,250	2,118	1,200
—**hand delivery	N.Kr.	2,700	1,668	1,490
Portugal	Esc.	31,000	30,900	17,000
Spain (mail)	Ptas.	35,000	25,060	19,200
—***hand delivery Barcelona, Bilbao, Seville	Ptas.	38,000	22,060	20,900
—***hand delivery Madrid	Ptas.	51,480	—	25,740
Sweden (airmail)	S.Kr.	2,200	1,440	1,210
—**hand delivery	S.Kr.	2,800	840	1,540
Switzerland	S.Fr.	500	446	275
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FACE-OFF IN THE GULF: Iraq and U.S. bolster troop concentrations on Kuwait's border

Foreigners Can Leave Kuwait, But Iraq Is Silent on Baghdad

Compiled by Our Staff From Dispatches

NICOSIA — Iraq said Sunday that Arabs and foreigners could leave Kuwait if they wished, but it said nothing about foreigners trapped in Iraq and viewed by the West as possible hostages.

The Iraqi News Agency quoted a presidential spokesman as saying the authorities had been instructed to "facilitate the travel of Arab and foreign residents in the cities of Kuwait, Al Jahra, An Nida and others in south Iraq if they so wish."

Al Jahra and An Nida are towns inside Kuwait. Iraq has been referring to Kuwait as its southern part after annexing it.

The spokesman said the interests of those leaving Kuwait "will be preserved."

Thousands of foreigners have been trapped in Kuwait since Iraqi troops invaded it on Aug. 2 and closed the borders.

In London, meanwhile, the British Foreign Office said Sunday that A Briton was shot in Kuwait near the border with Saudi Arabia.

The incident was expected to heighten fears for the safety of thousands of foreigners who have been trapped inside Iraq and Kuwait.

It is believed the man was killed, "but we do not have confirmation," said William Waldegrave, a Foreign Office official.

"If it's true, it's a horrific and tragic incident," Mr. Waldegrave said. He said Britain would not be deflected from its purpose by threats against its subjects.

After its invasion of Kuwait on Aug. 2, Iraq sealed its borders and Kuwait's border with Saudi Arabia.

In Baghdad, Foreign Minister Tariq Aziz said Sunday that foreigners were in no danger. Speaking at a press conference, he said that Iraq had taken "temporary precautionary measures" because of the Gulf crisis, but that foreigners were safe in their homes or hotels.

U.S. officials have expressed concern for the safety of about 3,000 Americans unable to leave Iraq and Kuwait, but have declined to call them hostages, saying negotiations with Iraq for their return are still under way.

Meanwhile, after several days of talks, 10 Americans attached to the U.S. Embassy in Baghdad and a 10-year-old California girl who was caught in the invasion crossed the Iraqi desert into Jordan, reaching Amman late Saturday. The girl, Penelope Nabokov, is the daughter of a University of California anthropology professor.

A group of 71 Japanese fleeing Iraq arrived in Amman at dawn on Sunday, a border official said. A Japanese Embassy spokesman said members of the group, families of businessmen still in Baghdad, were resting at an Amman hotel.

The border official said no Westerners or East Europeans crossed into Jordan on Sunday. For the most part, only Arabs of various nationalities were getting through, they said.

The Briton was shot Saturday evening, according to reports that Mr. Waldegrave said came from others who crossed the border.

As a signer of the Geneva Convention, Iraq "has a duty to let people go," Mr. Waldegrave said in an interview with BBC radio.

"Whether you call them hostages," he said, "whether you call them prisoners, whether you call them people who are simply not allowed their natural rights of free movement, we are — with our colleagues in the European Community, and others such as the Russians — bringing the maximum pressure to get out innocent people who are noncombatants."

A Foreign Office spokesman said the report indicated that a British subject was shot "some kilometers on the Kuwaiti *side*" of the border with Saudi Arabia.

(AP, Reuters, NYT)

Arab Troops in Saudi Arabia

Compiled by Our Staff From Dispatches

CAIRO — Egypt will send at least 3,000 troops to Saudi Arabia as part of an Arab force to protect the Gulf kingdom, a Defense Ministry official said Sunday.

He said the first units had arrived at a Saudi military base about 100 kilometers (60 miles) south of the Kuwaiti border.

President Hosni Mubarak denied Sunday that he said war was the only way to end the Iraqi-Kuwaiti crisis; he said that armed conflict must be avoided at all costs.

The weekend saw a flurry of demonstrations:

- Thousands of Palestinians, including armed guerrillas, marched Sunday in a south Lebanon refugee district vowing allegiance to Iraq and vengeance against the United States.
- In Amman, Jordan, the police stopped about 50 pro-Iraqi protesters marching on the U.S. Embassy Sunday and dispersed them peacefully, a witness said. In Mafraq, 80 kilometers north of the capital, thousands attended a protest rally organized by the Jordanian Committee in Support of Iraq.
- Thousands of Yemenis protesting U.S. troop deployment in Saudi Arabia tried to storm the U.S. and Saudi embassies on Saturday but were driven back by the police, witnesses said.
- Palestinians in the occupied territories marched Saturday with flags and posters of Saddam Hussein in support of Iraq's invasion of Kuwait.
- Nearly 1,000 Muslim fundamentalists marched on the Iraqi embassy in Dacca, Bangladesh, on Sunday to demand the withdrawal of Iraqi troops from Kuwait and the withdrawal of U.S. forces from the region.

Mr. Mubarak called Arab unity "as changeable as the weather," and seemed to play down his statement on Saturday that there was no hope for a peaceful solution to the Gulf crisis. "We pray to God to find a solution to this problem, and we have tried all in our power," he said. "It is now up to President Saddam Hussein."

Amplifying on his statement, Mr. Mubarak said: "I did not say war was the only solution. I hate war, and I hate solving problems through war, but if at the end we do not reach a solution through peaceful means, we will be led to war and violence. We must avoid war under any circumstances."

On Saturday he had said, "I am always optimistic, but there is no hope for a peaceful solution."

Egypt's Saudi Arabian contingent included fully equipped paratroops and commandos, the Defense Ministry official said, adding that other Egyptian units would arrive in the next few days. The troops are part of a projected combined force approved by a majority of Arab leaders at a summit in Cairo last week.

The Iraqi press continued its attacks on Mr. Mubarak on Sunday, with one newspaper calling him "an obedient imperialist agent." Egypt is the second-largest recipient of U.S. aid after Israel and also relies on financial assistance from the Gulf states.

The Palestine Liberation Organization on Sunday denied having voted against the summit's resolution; it said it had abstained.

"The vote took place in indescribable disorder, and the PLO abstained on the resolution presented by Oman," a spokesman said. "Instead of submitting another proposal by the PLO to a vote, and continuing debate until unanimity, as called for by the Arab League charter, Mubarak ended the session."

Egypt had previously said that the PLO, Iraq and Libya had voted against the resolution that denounced Iraq's invasion of Kuwait, sanctioned the deployment of foreign troops and called for sending an Arab force to help protect Saudi Arabia.

(Reuters, AP)

Turkey Approves Special Powers In Case of Attack

Reuters

ANKARA — The Turkish parliament on Sunday empowered the government to declare war or send troops abroad but it limited the authority to retaliation for an attack on Turkey.

The parliament voted in secret after a two-hour closed session, officials said. The proposal was approved, 216 to 151.

Asking for the powers, Prime Minister Yildirim Akbulut, referring to Iraq, said, "We cannot remain indifferent when one of our neighbors (Iraq) is on a war footing."

Turkey, the only North Atlantic Treaty Organization member bordering Iraq, has joined United Nations sanctions against Baghdad.

Bush Hints Support for Overthrow Of Hussein

Compiled by Our Staff From Dispatches

WASHINGTON — President George Bush has made it plain that it would please him if President Saddam Hussein of Iraq were to be overthrown.

Answering reporters' questions at his vacation home in Kennebunkport, Maine, Saturday afternoon, Mr. Bush said the United States could not take any active part in ousting the Iraqi dictator.

But he said, "Whatever it takes to have our objectives met is what should take place."

He said he expected Mr. Hussein to respect the borders of Iraq's neighbors, adding: "If that means Saddam Hussein changes his spots, so be it. If he doesn't, I hope the Iraqi people do something about it."

Mr. Bush also declared more bluntly than before that he and other leaders intended to use naval force to prevent Iraq from exporting oil.

"I think things are moving in the right direction," Mr. Bush said as forces from a dozen countries converged *on Saudi Arabia to join the* multinational defense effort.

But he suggested, without elaboration, that he thought there was still room for a diplomatic solution to the crisis.

The president's spokesman, Marlin Fitzwater, said the economic embargo that Mr. Bush is counting on to persuade Mr. Hussein to pull his forces out of Kuwait "appears to be having a considerable effect."

Mr. Bush said only one small tanker had been loaded with Iraqi oil since shortly after Iraq invaded Kuwait before dawn on Aug. 2.

Although he again avoided the word blockade, the president said the United States and its allies were prepared to stop and search tankers if necessary to insure that no Iraqi oil passes through the Strait of Hormuz, which is Iraq's only outlet to the sea.

Mr. Bush spoke with reporters after meeting with top foreign-policy aides, including Secretary of State James A. Baker 3d, the national security adviser, Brent Scowcroft, and Robert Gates, his deputy.

Mr. Bush hailed the results of the Arab summit meeting in Cairo as a further step in the international effort to isolate President Hussein.

Jim Bourg/Reuters

President Bush conferring with an adviser between golf holes.

"He does see Saturday more clearly than he did yesterday at this time that the world is united against him," Mr. Bush said.

The president said he had talked by phone Saturday with President Hosni Mubarak of Egypt, who assured Mr. Bush that Egyptian troops were to join U.S. ground forces in Saudi Arabia. Mr. Bush said other countries also would deploy troops there, making it a multinational force with "an Arab component.

He also said the United States would soon take further, unspecified steps steps to "guarantee the integrity" of Saudi territory and other threatened nations against an Iraqi attack.

Mr. Bush said the United States and other countries were working out details of the command structure for the multinational military force in Saudi Arabia and said there might be a UN role in the naval operation that continues to gather strength in the Gulf region.

But he said the U.S. activities were "not contingent upon a UN flag flying over the effort, as was the case in Korea, for example."

In the wake of the Arab League summit meeting at which Jordan abstained from endorsing the resolution against President Hussein, Mr. Bush indicated some easing of tension between the United States and King Hussein of Jordan.

Last week, Mr. Bush said he was "very disappointed" in Hussein, but Saturday he indicated that he hoped the friendship between the two countries can be "reinvigorated in the future."

"We all recognize the difficult position King Hussein is in," he said.

(NYT, WP)

New Saddam Husseins

Reuters

JERUSALEM — Palestinians in the Israeli-occupied territories are naming their newborn sons Saddam Hussein to honor the Iraqi leader. An East Jerusalem newspaper, Al Shaab, said Sunday that proud new parents were acting "in appreciation of the patriotic Arab stance" of Mr Hussein.

The U.S. Presses Its Gulf Buildup And Sets No Limits

Compiled by Our Staff From Dispatches

WASHINGTON — The United States pressed on with its military buildup in the Gulf region Sunday and a senior Defense Department official declined to set a limit on it.

The official, Paul Wolfowitz, undersecretary of Defense for international security, said in a television interview: "We will put in whatever level of troops we need and we're bringing in more and more every day."

"We are not being specific about figures," Mr. Wolfowitz said "We're just putting in everything that we can get there as fast as we can get it there. When we feel that we have enough, then we will stop."

He said the ultimate U.S. total would depend partly on what President Saddam Hussein of Iraq "does and how he reacts."

And, he said, "It's going to depend partly on how many Egyptian forces and other forces come in."

Meantime, the U.S. commander of the Middle East operation told reporters that the deployment of American forces was running ahead of schedule and that Iraq "would pay a price" if it attacked Saudi Arabia.

General H. Norman Schwarzkopf, head of the United States Central Command, which has responsibility for the Gulf, said the Iraqis were continuing to move reinforcements into Kuwait. He said some were "right down literally on" the Kuwait-Saudi Arabia border.

"There's no question about the fact that they have dug in right now for a strong defense," he said. But he noted that Iraqi troops had taken a similar defensive posture before invading Kuwait on Aug. 2. "They have the capability to do just about anything they want to."

Secretary of Defense Richard Cheney said President Hussein "has upwards now of 200,000 men in Kuwait or southern Iraq, " in addition to nearly 6,000 tanks and a substantial air force. "If we're going to carry through on our commitments in that part of the world, we have to deploy significant military force," he said.

During the weekend, officials said the United States would send a fourth aircraft carrier, the John F. Kennedy, to the Middle East. They said the carrier, with its support vessels, would leave for the Mediterranean next week.

Once there, it could be used to relieve the Eisenhower, which has been at sea since March, or to build up the Navy's already large armada in the region, officials said. The carrier Independence was on station in the Arabian Sea and the Saratoga left the United States last week for the Mediterranean, as the Eisenhower moved into the Red Sea.

In another development, air, land and sea elements of the 1st Marine Expeditionary Force were being dispatched to Saudi Arabia from their bases in California.

And the army's 101st Airborne (Assault) Division based at Fort Campbell, Kentucky, along with dozens of attack and transport helicopters, continued movement to the region, military officials said.

The army also was sending to Saudi Arabia surface-to-air missiles that could be used in the event of an attack by Iraqi air forces.

Elements of the army's 11th Air Defense Artillery Brigade, with its Patriot surface-to-air missiles, were being sent to Saudi Arabia, according to military authorities. The brigade is based at Fort Bliss, Texas.

The Patriot is a computer-guided missile designed to counter the sophisticated *electronic countermeasures* of the Soviet Air Force. It has a range of more than 65 miles (110 kilometers) and can track and destroy several targets simultaneously.

Other anti-aircraft weapons being arrayed include short-range Chaparral missiles, Multiple-Launch Rocket Systems and shoulder-fired Stinger missiles, which were used with great effectiveness by the rebels in Afghanistan against Soviet aircraft.

The Iraqi Air Force, which is mainly composed of Soviet-made aircraft, has been described as "third-rate" by American military officials.

Parallel to the troop movements, large quantities of weapons and equipment were loaded on trucks and trains for the overland trip to East Coast ports for shipment to the Middle East, officials said.

(WP, Reuters, NYT)

UN Environment Talks Set

Reuters

RIO DE JANEIRO — Rio de Janeiro will host a United Nations environment conference in June 1992 that is expected to attract 20,000 delegates, the largest meeting ever on environmental issues, UN officials said.

In Kuwait, Sniper Fire, Food Worries and the Debris of War

Washington Post Service

More than a week after the Iraqi invasion, there is no sign of any civil administration, Kuwaiti or Iraqi, and Kuwait's 1.7 million residents are nervous about their fate, according to information received by The Washington Post.

The real fear among Kuwaitis and Westerners in Kuwait, according to information about events there last week, is of an attack to oust the Iraqis, or of retaliation against them if Baghdad, the Iraqi capital, is attacked.

The inhabitants of Kuwait City ignore traffic lights in the absence of policemen, but electricity and water continue to flow and the Kuwaiti flag still flies over the ruined Dasman Palace.

People are burning their garbage in the streets, and roads are littered with the debris of warfare — burned-out armored cars and trucks — and with dozens of cars abandoned in panic by their owners in the early days of the occupation. Some of the vehicles have been crushed by tanks.

Kuwaiti resistance to the Iraqi occupation continues. Snipers regularly fire at Iraqi soldiers. Automatic weapons fire has been heard every night since the invasion. One member of the Kuwaiti resistance said their strategy was to stage hit-and-run attacks against Iraqi soldiers, with the aim of creating confusion.

Occasional demonstrations have been staged, many by women. And streets have been plastered with signs bearing photographs of the ousted emir and crown prince.

People spend their days visiting friends or looking for increasingly expensive food amid confusion over the status of the once mighty Kuwaiti dinar. Banks are closed, and residents say ration cards have been introduced in some areas.

Iraqi soldiers are using Iraqi dinars to buy goods at the rate of 1-to-1 with the Kuwaiti dinar. Before the invasion, one Kuwaiti dinar was worth 10 Iraqi dinars on the black market, but shops are obliged to accept Iraqi money at the new rate.

A few electronics and jewelery shops have been plundered in the city center. But there have been only isolated instances of looting.

The annexation of Kuwait by Iraq after the invasion was not a surprise to people in Kuwait. The interim government of Iraqi military officers took no measures of any kind and was clearly never more than a *stopgap prior to Iraq's annexation of Kuwait.*

Troops have settled in, apparently to stay, building shelters at their beach encampments to provide relief from the sun in temperatures approaching 90 degrees Fahrenheit (32 degrees celsius) in the shade, and filling sandbags for defensive positions.

New government ministers have not said anything themselves. All of their statements come from Iraqi television commentators.

So far, there has been no sign of Kuwaiti collaboration or of people returning to work as requested by Iraq, and Iraq has yet to impose its fearsome internal security apparatus on Kuwait. Ba'ath Party officials from Baghdad, however, have moved into at least one city center hotel.

Many members of the royal family and of the liberal opposition are in hiding.

Many Kuwaitis were already out of the country for their summer holidays, and others have already managed to flee to Saudi Arabia. The majority of the population are foreigners anyway, not just the few thousand Westerners implicitly threatened by Iraq but also hundreds of thousands of Arab residents and Asian migrant workers who kept the economy going.

The 40,000 Filipinos in Kuwait, for example, are in difficult straits. About 1,500 Filipinos are camped out at their embassy, which has no direct communications with Manila, and they are short of money to buy food.

Many foreigners had their savings at local banks and cannot now withdraw them. "I have 1,300 dinars in the bank," an Egyptian hotel worker said. "What will my family say when I go home — if I go home?"

Western embassies in Kuwait are negotiating with Iraqi officials at the Iraqi Embassy but so far have made little headway in arranging an evacuation of their nationals. Diplomats say that the real decisions will be made in Baghdad, and that talks may be complicated by the refusal of their countries to recognize Kuwait as part of Iraq.

Asian and Arab residents of Kuwait are also awaiting evacuation.

Although Iraq faces the immediate problem of how to organize a massive evacuation of up to 1 million people, in the longer term an exodus will make it easier for President Saddam Hussein to colonize the country he regards as part of his own. Already busloads of Iraqi civilians have been seen in Kuwait City, and in some cases they are said to have occupied apartments.

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EUROBONDS

Bargain Hunting Helps Bond Prices Snap Back

By Carl Gewirtz
International Herald Tribune

PARIS — International bond prices recovered late last week from the sharp markdowns dealers had posted at the start of the week in reaction to the crisis in the Middle East. By Friday, dealers said bargain hunters were buying discounted bonds, especially U.S. dollar paper and bonds denominated in European currency units.

The ECU sector, the only truly international market that has no domestic home market to fall back on, had been the hardest hit with price markdowns ranging up to 5 percent. This exaggerated reaction sparked buying, reportedly from the Far East and European central banks, and that drove dealers to cover their short positions — giving prices a further lift.

Top quality and highly liquid 10-year ECU bonds ended the week yielding 10.2 percent. This is 1.4 percentage points higher than comparably dated West German government bonds, near the top of the recent trading range. Of late, yields on 10-year ECU bonds have moved between 120-to-150 basis points over domestic German government paper.

The dollar bond rebound came on hopes of lower U.S. rates.

The recovery in the dollar sector was based on the view that U.S. interest rates will have to be cut, despite the likely increase in inflation sparked by the oil price increase, to breath life into the flagging economy. A cut in interest rates means a rise in prices on outstanding paper.

The drop in rates is also expected to cause the dollar to weaken, but bankers note that a substantial portion of international investors are relatively impervious to currency moves because portfolio diversification over a range of currencies still requires them to invest in dollars.

While total activity in the international bond market was down 30 percent in the first half of this year from the year-ago period, issuance of dollar-denominated paper declined 57 percent. This would appear to indicate that natural dollar-bond investors have not been buying paper all year, preferring to build up their cash.

That's because short-term money market rates through the first half of the year had been hovering at about 8½, giving little incentive to buy bonds yielding little more than 9 percent.

With short-term dollar interest rates poised to decline and longer rates unlikely to rise, bankers expect that the money parked in cash will now be driven to seek the higher returns on longer-dated investments.

In the new-issue market, last week saw only two truly publicly syndicated deal targeted for normal distribution — an equity warrant deal from Sumitomo Cement. The timing was unfortunate because of the sharp fall in Tokyo stock prices last week. As a result the $150 million, four-year issue carried a coupon of 5 percent — a quarter point more than the Japanese have recently been paying to issue such paper.

IN THE STERLING SECTOR, £140 million of floating rate notes collateralized by British mortgages was launched by Credit Suisse First Boston in the name of HMC Mortgage Notes No. 6. Maturing in 40 years, the notes carry interest of ¼-point over the London interbank offered rate for the first 10 years and ½-point over Libor thereafter.

This week, Citicorp is expected to tap into the demand for straight dollar bonds by offering another $1.25 billion of global bonds collateralized by credit card receivables. This three-year issue of senior debt will be accompanied by a lower-graded junior debt issue of $250 million.

This will be the bank's third such offering. While the short maturity suits current preferences, bankers note that the paperwork investors must fill out for these SEC-registered notes remain a substantial obstacle to wide international distribution.

By contrast, the World Bank will soon be tapping the market for another $1.5 billion of five-year global bonds. The bank launched the concept for global bonds — paper distributed simultaneously in the international arena as well as in the domestic U.S. and Japanese markets.

The bank is in a better position to exploit the global concept since the Washington-based institution is exempt from U.S. taxes and therefore international investors are not required to fill out U.S. tax forms as are holders of the Citicorp paper.

Italy is also expected to be coming to the market to refinance $1 billion of three-year notes issued in 1987 and maturing on Oct. 1.

The wholesale side of the international credit market, syndicated bank loans, is also in a torpor. This is the usual summer doldrums compounded by the problems in the Middle East.

The continuing decline in Tokyo stock prices, fueled in part by the rise in oil that is expected to fan inflation and drive up interest rates, is squeezing the value of assets held by Japanese banks and

See BONDS, Page 9

CURRENCY RATES

Cross Rates

Aug. 10

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.80	3.3685	1.1297	0.3357	0.1537 *	—	5.474 *	1.3380	1.1982 *	1.569	1.826 *
Brussels	32.885	61.425	20.591	6.1335	2.8075 *	18.2735	—	24.4305	0.2192	28.6775	33.583 *
Frankfurt	1.5975	2.984	—	0.2979	0.1364 *	0.8875	4.856 *	1.1876	1.064 *	1.3912	1.629 *
London (a)	1.873	—	2.9755	9.9838	2,190.50	3.3483	61.32	2.506	280.46	2.1500	182.45
Madrid	98.092	183.249	61.40	18.283	8.371 *	54.485	2.9835	72.87	65.295 *	85.47	—
Milan	1,171.15	2,187.25	733.50	218.53	—	651.85	35.621	870.98	7.811	1,020.40	11.953
New York (b)	—	1.8735 a	1.591	5.3375	1,166.80	1.7913	32.885	1.3385	150.45	1.1469	97.485
Paris	5.3475	10.017	3.3576	—	0.4576 *	2.9858	0.1633	3.986	3.575 *	4.6705	5.47 *
Tokyo	149.79	280.31	93.91	28.03	0.1284	83.38	4.5556	111.63	—	130.61	1.534
Toronto	1.1468	2.1473	0.7212	0.2151	0.0985 *	0.6401	3.486 *	0.8538	0.7622 *	—	1.173 *
Zurich	1.346	2.513	0.8426	0.2512	0.1149 *	0.7476	4.0931 *	—	0.8965 *	1.1711	1.3725 *
1 ECU	1.2949	0.6936	2.0892	6.9443	1,517.80	2.3015	42.6309	1.2429	194.423	1.4869	126.987
1 SDR	1.3615	0.7286	2.1749	7.2876	N.Q.	2.4506	44.7713	N.Q.	203.889	1.5644	133.547

Closings in London and Zurich, fixings in other centers; New York closing rates. Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	5605.1	Greek drac.	156.85	Mex. peso	2873.00	S. Afr. rand	2.5943
Austral. $	1.2531	Hong Kong $	7.7725	N. Zealand $	1.6589	Soviet ruble*	0.5757
Austr. schil.	11.23	Indian rupee	17.421	Norw. krone	6.1675	Swed. krona	5.844
Brazil cruz.	71.30	Indo. rupiah	1852.02	Phil. peso	23.76	Taiwan $	26.99
Chinese yuan*	4.72	Irish £	0.5954	Port. escudo	140.35	Thai baht	25.62
Danish krone	6.0955	Israeli shek.	2.01	Saudi riyal	3.747	Turkish lira	2652.52
Egypt. pound	2.7134	Kuwaiti dinar	Susp.	Sing. $	1.8045	UAE dirham	3.6575
Fin. markka	3.7555	Malay. ring.	2.699	S. Kor. won	716.40	Venez. boliv.	49.22

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.8558	1.8452	1.8352	Canadian dollar	1.1536	1.1587	1.1629
Japanese yen	150.08	150.07	150.07	Swiss franc	1.3442	1.3431	1.3416
Deutsche mark	1.5976	1.5970	1.5959				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Geobank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Aug. 10	Aug. 3	Ch'ge
DJ Indus.	2,716.58	2,809.65	— 3.31 %
DJ Util.	203.09	209.70	— 3.15 %
DJ Trans.	974.82	1,039.05	— 6.18 %
S & P 100	319.32	328.57	— 2.80 %
S & P 500	329.94	334.86	+ 1.52 %
S & P Ind	401.20	407.06	— 1.44 %
NYSE Co	184.75	188.83	— 2.48 %
Britain			
FTSE 100	2,233.80	2,284.60	— 2.22 %
FT 30	1,747.50	1,793.30	— 2.55 %
Japan			
Nikkei 225	27,330	29,656	— 7.84 %
West Germany			
DAX	1,749.34	1,840.94	— 4.95 %
Hong Kong			
Hang Seng	3,078.97	3,356.95	— 8.25 %
World			
MSCIP	488.50	511.20	— 4.42 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	Aug. 10	Aug. 3
Discount rate	7.00	7.00
Federal funds rate	8.00	8.00
Prime rate	10.00	10.00
Japan		
Discount	5¼	5¼
Call money	7 13/32	7⅛
3-month interbank	7¾	7 21/32
West Germany		
Lombard	8.00	8.00
Call money	8.05	8.10
3-month interbank	8.45	8.40
Britain		
Bank base rate	15.00	15.00
Call money	15.00	15.00
3-month interbank	15.00	15.00

Gold	Aug. 10	Aug. 3	Ch'ge
London p.m. fix $	389.35	379.00	+ 2.73 %

Oil Crisis Spotlights Japan's Strengths

By Patrick L. Smith
International Herald Tribune

TOKYO — The deepening crisis in the Middle East is likely to mark an important point of divergence for the economies of the United States, Japan and West Germany, with Japan emerging as the clear front runner in coming months, economists said over the weekend.

As higher oil prices take hold in world markets, both the United States and West Germany will suffer economic consequences far in excess of those Japan faces, revealing essential differences among the three nations that did not exist during the two oil shocks of the 1970s, the analysts said.

More fundamentally, the crisis is expected to underscore the economic advantages Japan has gained over the past decade, during which the United States invested heavily on defense while Japan restructured its industry, automated factories, reduced its energy dependence and advanced into high-technology manufacturing.

There are already signs that the Middle East crisis will spur renewed debate here and in Washington on the controversial issue of defense burden sharing. Heavily reliant on the United States for its security, Japan has made no material contribution to the multilateral force now assembling in the Persian Gulf.

"Military spending has given the United States a competitive advantage that is now on full display in the Mideast," said Paul A. Summerville, chief economist at Jardine Fleming (Securities) Ltd. "When everything settles down, we'll see the edge Japan has gained for having no such obligations."

Although the duration of the crisis remains unclear, most economists now expect oil prices to increase to an average of about $25 a barrel for the next 12 months. They also agree that this third oil shock will have different effects on Japan and its two most prominent economic competitors.

The central issue in all three economies is interest rate policy. U.S. officials must now choose between a potentially deep recession if they keep rates at current levels or the risk of higher inflation if they decide to lower rates. Analysts are more divided on this question than they have been for many months; but they agree that neither choice is promising.

West Germany is expected to increase interest rates with little hesitation during the current quarter in response to more costly petroleum imports, as is Japan. But the Germans will not emerge from the current situation as quickly or with the same degree of economic resilience as the Japanese.

Economists forecast that the Bank of Japan will increase its official discount rate, now at 5.25 percent, by between three-quarters of a point and one percentage point by the end of September. Steep declines in stock and bond prices, lower profits and reduced economic growth are almost universally expected to follow.

But financial markets will pick up, analysts believe, once it is recognized that interest rates have peaked. Economic growth next year is forecast at a respectable 3.5 percent or so, compared with 4.8 percent this year; consumer-price inflation is expected to slow to 1.9 percent from 2.8 percent.

This is in sharp contrast to most forecasts for the United States. Along with Britain and Canada, it is expected to show growth next year of close to 1 percent, far below the average for the

See OIL, Page 9

Invasion of Kuwait Tests Gulf Banks

Region's Oil Wealth Helps Countries Weather Storm

Reuters

DUBAI — Faith in the banking systems of Gulf Arab states was shaken by Iraq's invasion of Kuwait, but the region's oil wealth has helped it weather the crisis, bankers say.

The turmoil has also been the first real test of the region's young central banks.

Bank treasury managers said the monetary authorities had passed the test, but said they were slow to react. There were communications problems in some places when banks first started asking the central bank for funds.

A run on cash by depositors who feared war embarrassed even the biggest local banks and put some of the smaller, less steady institutions in trouble.

But Gulf foreign exchange dealers said on Sunday that the monetary authorities in Saudi Arabia, the United Arab Emirates, Oman, Bahrain and Qatar had intervened to calm the market.

The treasury managers said the main problem since Iraq invaded Kuwait on Aug. 2 was a crisis over how to meet sudden, large demands for cash.

"This region is always awash with liquidity," said a Saudi bank dealer. "What happened last week was due to an unheard of run on cash."

All over the Gulf, banks found themselves suddenly out of dollar bills and even traveler's checks were disappearing fast. Large corporate depositors also started to shift money out of the region.

But barring a full-scale war and destruction of large parts of the Gulf states' oil production capacity, there is no real threat to their currencies.

A run on cash by nervous depositers embarrassed even the largest banks.

Gulf governments have built up vast assets from their exports of oil. Ironically, the tension in the Gulf has made them even richer by boosting oil prices.

Saudi Arabia is earning around $85 million a day from its crude oil alone, based on last week's price of about $23 a barrel.

This is $2.5 billion per month, or eight times the amount that U.S. military analysts estimate it could cost Washington to keep its large military presence in the region for the same period.

"The oil is the main reason we did not see why we should panic," said the treasury manager at a large Saudi bank.

But Saudi bankers said there was an ominous silence at one point in the middle of last week when some banks found that they could not get through to the Saudi Arabian Monetary Agency to ask for funds to cover the big demand for cash.

This turned out to be mainly a problem of getting hold of the right officials, and bankers said SAMA was now supporting the market and had told all banks to honor depositor demands, indicating SAMA would help if necessary.

Last Thursday, the central bank of the United Arab Emirates was the first Gulf monetary authority to ask for calm. It told depositors that it had over three times more assets than UAE currency in circulation and ruled out a devaluation, something that had been rumored in the nervous markets.

The Bahrain Monetary Authority also acted to calm the market after officials checked banks' positions.

On Sunday the central bank of Oman, where there was less panic, assured depositors that it would support any and all demands on the Omani rial.

India Searches For Alternate Sources of Oil

Compiled by Our Staff From Dispatches

NEW DELHI — India has launched a desperate hunt for alternative oil sources to stave off a potentially disastrous shortfall due to the Gulf crisis.

New Delhi is looking to the Soviet Union, Malaysia and Indonesia to bail it out of what Petroleum Minister M.S. Gurupadaswamy on Sunday described as "total uncertainty."

Mr. Gurupadaswamy told the Press Trust of India that stocks existing with Indian oil companies would last only five weeks. The Gulf crisis, stemming from Iraq's Aug. 2 invasion of Kuwait, erupted as cash-strapped India was trying to rein in oil imports.

Iraq supplied nearly 40 percent of India's oil imports. Kuwait supplied about one million tons of crude and an equal amount of petroleum products.

But Mr. Gurupadaswamy said India would have to respect the United Nations' conomic embargo against Iraq and Kuwait.

Meanwhile, Malaysia said it may increase its crude output. Output now stands at 590,000 barrels per day. *(AFP, AP)*

China Cuts Imports, Posts Trade Surplus

Reuters

BEIJING — China has slashed imports, especially from Japan and the United States, to post an overall trade surplus after the first seven months of 1990 of $3.26 billion, according to official figures.

Customs statistics showed total imports fell 17.3 percent, to $27.49 billion, while exports rose 15.5 percent, to $30.75 billion, China Daily reported on Saturday.

China's overall trade volume was down 2.7 percent compared with the same period last year.

Western economists said the sharp fall in imports was due to more rigid controls on spending by the central government and to depressed demand caused by a two-year-old austerity program.

The seven-month surplus reversed a deficit of $6.62 billion over the same 1989 period, making a useful contribution to China's foreign debt of about $40 billion as it approaches peak repayment period.

Customs figures showed China's imports of consumer goods and cars fell by 30 percent. Exports of food, textiles and consumer goods rose.

China's trade with Japan was hit hardest, with Chinese imports plummeting by 39 percent and exports falling 3.3 percent.

Japan is China's second-biggest trading partner after Hong Kong where business was reportedly thriving. Chinese imports from the British colony rose 6.3 percent while exports were up 17 percent.

Imports from the United States fell 15 percent but exports across the Pacific rose 19.5 percent, according to the Chinese figures.

■ China Quality Battle

Newspaper reports say Chinese authorities are waging a sometimes losing battle in their effort to improve the quality of goods made for export, The Associated Press reported Sunday from Beijing.

While some improvements have been recorded since new quality control and inspection laws were enacted in August 1989, the record of many Chinese exporters is still dismal, the reports say.

In one case, 74.2 percent of 426,000 meters (468,600 yards) of cloth produced by the Taiyuan Cotton Textile Mill in northern Shanxi province was found to be of poor quality. Rotten apples were found wrapped inside the cloth, much of which had rotted, China Daily reported.

A separate report in the weekly Beijing Review said the mill's export license had been canceled.

In another case, eight kilograms (18 pounds) of rocks and iron were found in a shipment of meat from Shanxi province. The meat was rotten when it arrived in West Germany, the China Daily said.

Gu Yongjiang, vice minister of foreign economic relations and trade, ordered an investigation into the cases, the reports said.

Mr. Gu also said the trade ministry was trying to pinpoint who was responsible for failing to deliver 5,000 embroidered bed sheets on time to a Kuwaiti buyer. The Wuhan Arts & Crafts Import & Export Corp. "simply forgot about the deal," one of the reports said.

Zhu Shenyuan, director of the State Administration of Import and Export Commodity Inspection, said stricter rules would be enforced to improve the quality of China's exports.

Inspection and licensing procedures enforced since last August led to improvements in 69 of 112 export products, including canned pork, cigarettes, handicrafts, silk yarn, cotton, embroidered lace, washing machines, nonferrous metals and medicines, a report said.

Japan Urged To Liberalize Rice Market

Compiled by Our Staff From Dispatches

TOKYO — During a half-hour meeting on Sunday, U.S. Agriculture Secretary Clayton Yeutter urged Prime Minister Toshiki Kaifu to make more efforts to liberalize rice imports, Japanese officials said.

Mr. Kaifu replied that there had been changes in Japan's food security policy and stressed that Japan was already the biggest importer of food products in the world, they said.

The government has insisted on maintaining self-sufficiency in rice, its staple food, which sells here for several times the world market price. Rice imports are virtually banned except for limited quantities for use in processed foods.

Japan's insistence on banning rice imports has emerged as a major sticking point in multilateral trade talks under the Uruguay Round of the General Agreement on Tariffs and Trade, due to conclude this year.

Quoting government sources, Kyodo News Agency said Mr. Yeutter and Mr. Kaifu also discussed the Middle East situation following Iraq's invasion of Kuwait.

(AFP, AP)

Analysts Predict Drop in Dollar Despite Tension

By Carl Gewirtz
International Herald Tribune

PARIS — Looking beyond the showdown with Iraq that may yet trigger a run into the dollar, analysts in the major financial centers are convinced that the U.S. currency is headed for a decline.

"There is a broad consensus that the dollar will decline," said Jim O'Neill of Swiss Bank Corp. in London. "What worries me is that I agree, because the consensus view is usually wrong."

The most striking evidence to support this view was last week's signal from foreign exchange markets that the dollar has lost its historic role as a safe haven. Traditionally the dollar soars in times of international turmoil.

But last week, as the crisis heated up, the dollar failed to sustain even the modest gains it had scored the previous week when Iraqi forces first moved into Kuwait.

"The dollar is not much of safe-haven anymore, it's no longer the chosen currency you fly into in times of trouble," said Rimmer de Vries, senior economist at J.P. Morgan & Co. in New York. "It may be different if real war breaks out."

Whether Washington favors a strong or weak dollar at this time is moot. A stronger dollar would help ease inflation pressures, but weak dollar would help spur exports — now the strongest sector of the economy and the one that is expected to ultimately to lead the nation out of its slowdown.

Views about which currency is likely to benefit most from the dollar's woes are less clear. So far the only real gainer has been gold, which has gained about 8 percent over the past two weeks to $396.50 an ounce.

Among other currencies, some analysts believe that the main beneficiary will be the Deutsche mark and the other currencies linked to it in the European Monetary System. Others say it is the yen that will benefit most.

The dollar closed Friday in New York at 1.591 DM and 150.45 yen.

This inability to see which currency will be strongest may, in fact, help stem the dollar's decline.

"I don't expect a dramatic fall," said Mr. de Vries.

How sharp the decline will be, said Richard Koo, a Tokyo-based analyst for Nomura Research Institute, "depends on how forgiving markets will be" on the United States for losing the opportunity to correct its own economic problems.

All the vital statistics now signal much slower U.S. growth and very likely a recession in the coming months. The key to limiting the economic decline and softening its impact is lower interest rates. But the Federal Reserve Board's room to maneuver is badly constrained by the still high rate of inflation and a lax fiscal policy.

A substantial cut in that deficit was to have been the mechanism to improve the economic outlook by enabling the Fed to lower interest rates, releasing a blast of oxygen to revive business and industry.

Iraq scuttled that plan. The main reduction in budget outlays was to have been a cut in defense spending, the so-called peace dividend following the end of the Cold War. This has now evaporated. The main increase in federal income was to have been a tax increase on energy. But the rise in the price of oil rules out the possible tax hike.

This leaves the U.S. economy slowing into a recession, with the inflation outlook worsened by the increase in oil prices and the Fed's room to lower rates restricted.

John Lipsky, a London-based analyst for Salomon Brothers, estimates that a sustained price of oil at $23-to-$25 a barrel will "add three-quarters of a point to U.S. inflation next year and take half a percentage point away from the rate of growth." Prior to the crisis, oil was trading at below $18 a barrel.

There is no doubt the Fed will ease, and this explains why the dollar has been so soggy. But there are questions about whether the Fed will be able to relax as fast as it would like, and about how much inflation will be fanned.

In New York, Neal M. Soss, an economist at First Boston Co., predicted the Fed will shave a quarter point off the key federal funds rate before the end of the month. Cur-

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. August 10

Australian Dollars

Issuer	Con	Mat	Price	Yld	Spd Trsv
A B N Austral	14½	94	112½	10.23	
A I D C	12¾	91	97¼	14.88	
A I D C	14	92	98	15.23	
A I D C	12¾	90	96½	75.51	
Amro Bank	13¾	90	96¾	31.47	
Anz Bk Gp	16¼	92	100	16.24	
Anz Bk Gp	n.a.	91	84¼	28.57	
Anz Bk Gp X/w	13	92	93¾	17.12	
Austri Control	12¼	93	94	15.00	
Austri Control	12¾	94	98	14.31	
Austri Volksbk	13¾	90	96¾	39.13	
Austria	14¼	92	100¼	13.93	
B M W Fin	14½	92	100½	14.00	
B N P	14	91	97½	16.75	
B N P	14	91	96¾	16.39	
B N P	12½	92	93⅞	15.20	
B N P (Aust)	14	90	97	37.74	
B P Capital	14½	92	98¾	14.92	
B P Capital	12¾	92	96¼	15.84	
B P Capital'A'	13¾	92	99	14.33	
Barclays	12⅞	90	96¼	61.29	
Bayernhypo	13¾	90	96⅞	28.06	
Bq Genl Lux	13⅞	90	96⅞	38.77	
C B A	12¾	93	94¼	15.01	
C B A	15¾	94	101½	14.80	
C B A	14	94	98¼	14.47	
C B A	14	95	97⅞	14.61	
C B A	13¾	99	97¼	14.29	
C C F Aust	14	90	97¼	93.84	
C I B C Austrl	14½	90	97½	20.49	
Chrysler	13¾	92	93	18.88	
Colgate-Palm	14¼	91	97¼	16.68	
Council Europe	14	92	99¾	14.53	
Council Europe	13	93	97	14.38	
Cr Lyonnais	13	91	97¾	16.88	
Cr Lyonnais	14	91	97½	16.74	
Cr Lyonnais	13⅞	90	97	33.43	
Cr Suisse	14½	92	98	15.81	
Creditanst	12⅞	90	96¼	39.69	
D F C Finance	13	90	35	n.a.	
D G Bank	12¾	90	96¼	48.36	
D G Bank	13¾	90	97	54.59	
Daimler-Benz	14¼	95	100	14.23	
Denmark	14	90	98¼	17.51	
Denmark	12¼	93	93¾	15.08	
Deut Bk	14¼	92	97½	15.99	
Deut Bk	13⅞	93	96	14.92	
Deut Bk	12¾	95	93	14.90	
Deut Bk	12¾	90	96	31.63	
Deut Bk Aust	14½	95	100⅞	14.17	
Deut Bk Fin	14½	92	98	15.79	
Deut Bk Fin	15	94	101½	14.37	
Dsl Bank	13¾	90	97	n.a.	
East. Kodak	n.a.	92	71¾	21.04	
Eurofima	12½	93	95½	14.59	
Eurofima	13½	94	96½	14.67	
Eurofima	13	95	96½	14.04	
Exportfin	12¾	95	97½	14.62	
F B D B	19	90	100¼	14.66	
Ford Cred Aus	14	92	98½	15.15	
Ford Cred Aus	13	93	96½	14.62	
Ford Cred Aus	13½	93	96¼	14.92	
Ford Cred Aus	15¾	94	101¾	14.42	
Ford Motor Cr	12¾	90	98½	21.91	
Ford Motor Cr	12¾	91	98	16.89	
Ford Motor Cr	15¾	94	100	15.20	
Genfinance	12¾	90	96¼	76.69	
Girozentr Wien	12¾	92	97	14.77	
GMAC	14¼	91	98¼	16.13	
GMAC Aust	12¾	91	97	15.87	
GMAC Aust	13½	92	97¾	14.99	
GMAC Aust	12¾	92	98	14.99	
GMAC Aust	14	92	101½	15.06	
GMAC Aust	15½	93	100⅝	15.04	

Issuer		Mat	Price	Yld Mat	Spd Trsv
Royal Trustco	10⅝	90	99¾	11.88	+47
S E K	10¼	90	99¾	12.12	+71
Tor-Dom Bk	10⅝	90	99½	11.74	+33
Toyota Credit	11	90	99¾	11.73	+32
A I D C	10	91	98½	12.15	+74
A K Z O	11	91	98	12.67	+126
Amer Genl	10	91	97½	12.68	+127
Asik-Coer	10½	91	97	12.71	+130
Asik-Coer	11½	91	99	12.62	+121
B C Province	13½	91	100½	12.53	+112
B N P	10⅝	91	98	12.50	+109
Bacob Finance	11½	91	99	12.65	+124
Bca Lavoro	11¼	91	99	12.49	+108
Bell Canada	10	91	98¼	12.65	+124
Berliner Bk	10¼	91	97½	12.28	+87
Bk Montreal	10¼	91	97½	12.75	+134
Bk Montreal	11⅝	91	98¾	13.00	+159
Bq Paribas	10¼	91	97½	12.59	+118
Brit Columb	12¾	92	99¼	12.45	+104
C C J Quebec	10	91	96¾	12.81	+140
C E P M E	10	91	97½	12.22	+81
C I B C	9¾	91	97½	12.36	+95
C I B C	10⅝	91	98¼	12.24	+83
C I B C	9¾	91	98¼	12.05	+64
C I B C	11¼	91	99¼	12.09	+68
C I B C	11⅞	91	101½	10.01	-140
Chrysler	10	91	98	12.68	+127
Creditanst	9⅝	91	96¾	12.35	+94
Denmark	11⅝	91	99	12.77	+136
E E C	11¼	91	99	12.35	+94
E I B	9½	91	96¼	12.40	+99
Electrolux	9½	91	97¼	12.84	+143
F B D B	10⅝	91	95½	14.08	+267
F B D B	9	91	96¾	12.50	+109
F B D B	10¼	91	98¼	12.43	+102
F B D B	10⅝	91	98⅝	12.28	+87
F B D B	9¾	91	97¼	12.31	+90
Farm Credit	9¼	91	97¾	12.62	+121
Farm Credit	9	91	96¼	12.46	+105
Fiat Fin Trade	9½	91	97¼	12.93	+152
Fin Dan Ind	10¾	91	99	12.21	+80
Fin Exp Cr	10¾	91	98½	12.50	+109
First Austrian	9¾	91	97	12.20	+79
Gen Motors	9¼	91	95½	12.70	+129
GM Canada	9¼	91	95½	12.70	+129
GMAC	10½	91	97	12.70	+129
GMAC	10⅞	91	98¼	12.70	+129
GMAC Can	9⅞	91	96	12.84	+143
Gregem Fin	9¾	91	96¾	14.68	+327
Helaba	9½	91	98	12.43	+102
Interfin Cred	11½	91	99¼	12.31	+90
Kredietbank	11½	91	99¼	12.19	+78
Lb Rhein-Pfalz	9¾	91	97	12.25	+84
Lb Schles-Hols	12¼	91	99¾	12.10	+69
Mass Tran Rail	10	91	98	12.29	+88
Merrill Lynch	11	91	98¾	12.19	+78
Merrill Lynch	10⅝	91	98	12.68	+127
Montreal 'Nav'	12¼	91	99	12.67	+126
Morgan Gty	11	91	99	12.52	+111
Nat Bk Mont	9½	91	96¼	12.28	+87
Natl Austrl Bk	10	91	97¼	12.85	+144
Ned Gasunie	9½	91	98	12.57	+116
Nip T&T	9¾	91	96½	12.61	+120
Nova Scotia	10⅝	91	98	12.44	+103
Pepsico	8¾	91	97	12.58	+117
Pernod Ricard	10⅝	91	98	12.14	+73
Pirelli	12	91	99½	12.30	+89
R B C	10¼	91	97¼	12.74	+133
S N C F	9⅝	91	97½	12.39	+98
Saskatchewan	9⅝	91	97½	12.64	+123
Skandl Enskild	10⅝	91	97¼	12.62	+121
St Bk Sth Aust	10⅝	91	97¼	12.78	+137
Thomson Br	11¼	91	99	12.36	+95
TorDom Caym	11½	91	101½	9.86	-155
Tor-Dom Mtg	10	91	97½	12.79	+138
Tor-Dom Mtg	9¾	91	96½	12.75	+134
U B Norway	11¼	91	99	12.74	+133
Vereins & West	11¼	91	101⅞	9.32	-209
Westlb Fin	9⅝	91	97½	12.32	+91
Winnipeg	12¾	91	100	12.39	+98
Austri Spark	9⅞	92	96¼	12.12	+73
Avco Fin Serv	10¼	92	95½	13.05	+166
Avco Fin Serv	11⅝	92	97½	12.94	+159
Bayernhypo Fin	10⅝	92	96½	12.17	+82
Bhf-Bk Fin	10⅝	92	96½	12.21	+84
Bk Montr Realt	10⅝	92	96¼	12.68	+133
Bk Tokyo	10⅝	92	97½	12.64	+123
Bq Intl Lux	11	92	101½	10.18	-117

Issuer		Mat	Price	Yld Mat	Spd Trsv
O L B	9⅝	93	94	12.31	+103
Olymp & York	11	93	95½	12.75	+153
Royal Trustco	10⅝	93	95½	13.64	+142
Royal Trustco	9⅞	93	94	12.64	+134
Scotia Mort	10⅝	93	96	12.85	+80
Sears	10	93	93½	12.61	+139
Telesat Canada	10¼	93	96¼	12.15	+93
Univ of Quebec	10	93	93¼	12.35	+113
Vienna	9⅜	93	93	12.66	+135
Westlb Fin	9⅝	93	94¼	12.26	+96
Bergen City	8⅝	94	89	12.57	+131
Bk Tokyo	8½	94	88½	12.54	+133
C I B C Sing	11⅞	94	98½	12.23	+102
C N T	9⅝	94	92½	12.29	+107
Con Natl Railw	7⅞	94	73	12.36	+115
Creditanst	10⅞	94	101½	9.99	-130
Deut Bk	9	94	92	11.82	+61
Exportfin	10⅝	94	95	12.22	+102
Household Fin	9	94	90¾	12.23	+102
Interfin Cred	11½	94	97¾	12.24	+104
L T C B	11⅝	94	97	12.13	+92
Metro Toronto	13	94	102¾	12.09	+89
Montreal Tsico	11⅝	94	98	12.28	+107
Nip Credit	9⅝	94	92¾	11.70	+49
Ottawa-Carlton	12½	94	101	12.14	+93
Telesat Canada	10½	94	94⅞	12.26	+105
Tor-Tom Bk	11	94	99¾	11.24	+4
Transalta	13¾	94	102	12.11	+70
Bk Tokyo	10⅝	95	93½	12.49	+152
Bmw Fin	10⅝	95	92¾	12.30	+113
Con Natl Railw	12½	95	101	12.27	+86
E I B	12	95	100¼	11.75	+57
Gaz De Fra	11⅜	95	99½	11.85	+66
Gaz Metrop	10⅝	95	93	12.46	+131
Genstar	11⅞	95	97½	12.44	+127
Metro Toronto	10⅝	95	94	12.05	+88
Montreal City	11½	95	97¼	12.26	+100
Montreal Ville	10½	95	93¾	12.42	+124
N Brunswick	11⅝	95	98	12.17	+99
N Brunswick	12	95	99¾	12.18	+99
Nova Scotia	11⅝	95	98	12.18	+99
Quebec Hydro	12¾	95	108½	12.06	+88
Quebec Prov	12	95	99½	12.10	+71
St Bk Sth Aust	10	95	93½	12.17	+99
Trizec Corp	11⅞	95	97	12.73	+154
Vancouver	11¼	95	98¾	12.07	+89
B C Province	9¼	96	89	11.99	+86
Bell Canad Reg	9⅝	96	90½	12.31	+118
Bk Montr Realt	9½	96	89¾	12.05	+93
Con Natl Railw	9⅝	96	88½	12.19	+109
E D C	n.a.	96	58⅝	13.34	+220
E I B	9	96	88¾	11.76	+63
Montreal City	11	96	95½	12.14	+100
Quebec City	9⅝	96	90	12.13	+100
Quebec Hy	9¼	96	88¼	12.13	+101
World Bk	n.a.	96	51½	12.15	+102
World Bk Bear	9	96	93½	10.50	-61
Austri Control	9	97	91½	10.85	-23
Bk Nova Scotia	9⅝	97	90	11.94	+86
Carlsberg	10	97	89½	12.33	+127
Commun Urb	8⅝	97	85½	12.14	+107
Montreal City	9	97	86½	12.08	+99
Quebec City	9	97	86¾	12.11	+103
Montreal Tsico	10⅝	98	93½	12.08	+104
N Brunswick	9⅝	98	86½	12.00	+95
Ottawa-Carlton	9⅝	98	91	11.15	+11
S E K	n.a.	99	39	10.90	-13
Brit Columb	9⅝	01	85¼	11.88	+83
Canada	n.a.	01	29	12.25	+123
Quebec Hydro	9½	01	84½	11.76	+74
Bell Canada	9⅝	06	84	11.42	+65
Newfoundland	9½	07	82½	11.95	+99
Edmonton	9⅝	08	95¼	11.72	+44

ECU Straights

Issuer	Con	Mat	Price	Yld	
A B B	8⅝	94	91	11.55	+97
A K Z O	7¾	91	96	11.18	+43
Abbey Natl	10⅝	95	98	10.46	
Abbey Natl	9	92	97	10.85	+25
Aegon	7¾	91	95½	10.98	+32
Aegon	7¾	91	96½	10.99	+31

Canadian Dollars

Issuer		Mat	Price	Yld Mat	Spd Trsv
B C Telephone	12¾	89	99⅞	12.81	+37
Ames	10⅝	90	99⅞	12.15	+74
Bk Montreal	10⅝	90	99½	12.14	+73
Brit Columb	9⅝	90	98⅝	12.25	+84
C I B C	10⅝	90	99⅝	11.43	+2
Canadian Pacif	10¼	90	99½	12.95	+154
Cr Lyonnais	11⅝	90	99½	11.92	+51
Farm Credit	12¼	90	99⅞	12.65	+124
Ford Motor Cr	10⅝	90	99⅝	14.11	+270
GMAC Can	10⅝	90	99⅝	11.12	-29
Montreal	10⅝	90	99½	12.63	+122
Montreal Tsico	11	90	99⅞	12.49	+108
N I B	10	90	99⅞	11.24	-17
Olivetti	9⅞	90	99	12.34	+93
Philip Morris	10⅝	90	99½	12.43	+102
R B C	10⅝	90	99½	12.67	+126

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MUTUAL FUNDS

Figures as of close of trading Friday, August 10.

NEW YORK (AP) — The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

	Bid	Ask
AAL Mutual:		
CoGr p	10.82	11.36
Inco p	9.46	9.93
MuBd p	9.88	10.37
AARP Invst:		
CaGr	26.83	NL
GiniM	15.01	NL
GthInc	23.43	NL
HQ Bd	14.70	NL
TxFBd	14.52	NL
TxFSh	15.17	NL
ABT Funds:		
Emrg p	8.59	9.02
GthIn p	8.99	9.44
SecIn p	9.46	9.93
UtilIn p	12.07	12.67
AHA Bal	10.21	NL
AdsnCa p	17.16	17.69
ADTEK	9.27	9.27
AFA NAv	10.30	10.81
AFA Tele	15.34	16.10
AIM Funds:		
Chart p	6.87	7.27
Const p	7.87	8.33
CvYld p	10.07	10.57
HIYld p	6.43	6.75
LimM p	9.81	9.98
Sumit	7.88	
Weing p	12.26	12.97
A M A Family:		
ClaGl p	8.57	NL
GlbGt p	22.10	NL
GlbIn p	19.44	NL
GIST p	9.93	NL
USGv p	8.43	NL
AMEV Funds:		
AsiAl p	11.28	11.81
Capitl p	14.75	15.49
CaAp p	15.49	16.22
Fidcr p	24.41	25.56
Grwth p	19.82	20.81
HIYld p	7.09	7.42
TF MN	9.63	10.08
TF Nat	9.83	10.29
US Gvt	9.54	9.99
AcornF	40.12	40.12
Afuture	10.18	NL
Advance America:		
EqInc	9.86	10.35
TF In p	9.72	10.20
US Gv p	9.17	9.63
Advest Advant:		
Govt p	8.28	8.28
Gwth p	13.18	13.18
HY Bd p	7.74	7.74
Inco p	10.14	10.14
Spcl p	11.82	11.82
AlgerSCp t	15.05	15.05
AlgerG t	14.04	14.04
Alliance Cap:		
Allian p	5.58	5.90
Balan p	11.01	11.65
Canad p	6.49	6.87
Conv p	8.48	8.97
Count p	16.27	17.22
Govt p	8.08	8.55
GrInc p	2.52	2.67
HIYld p	5.28	5.59
Intl p	17.10	18.10

	Bid	Ask
SmCoW p	14.87	15.78
TxEx p	10.96	11.51
TECA p	14.14	14.85
TEMd p	14.03	14.73
TEVA p	14.35	15.07
Wsh p	13.50	14.32
A GthFd	7.39	8.08
A Herltg	.89	NL
A Invst	7.83	8.56
A Inv In	5.57	5.88
Amer Natl Funds:		
Grth	4.13	4.51
Inco	19.22	21.01
Triflex	13.98	15.11
API Tr	9.58	NL
Amway	7.19	7.69
Analyt	12.67	NL
Amstng	6.94	NL
Aquila Funds:		
AZ TF	9.77	10.18
CO TF	9.77	10.18
HI TF	10.81	11.26
KY TF	9.97	10.39
OR TF	9.85	10.26
AscPStk	16.53	17.42
Axe Houghton:		
FndB p	8.76	NL
Incom p	4.85	NL
Stock p	6.68	NL
BB&K	10.63	NL
BakerGv	15.55	NL
Babson Group:		
Bond	1.52	NL
Enterp	12.40	NL
Gwth	10.30	NL
Shadw	8.21	NL
TaxFr	8.61	NL
UMB St	13.15	NL
UMB B	10.57	NL
Value	17.27	NL
BairdBl p	14.46	15.34
BairdCa p	17.61	18.68
BaronA r	13.23	13.23
Bartlett Funds:		
BasVl	11.56	NL
Fixed	9.48	NL
Vl Intl	9.63	NL
Bascom	19.77	19.77
Beac Hill	28.48	NL
BellAtBd	9.93	NL
BellAtEq	10.07	NL
Benham Capital:		
CalTL	10.66	NL
CalTIn	9.19	NL
CalTH	8.74	NL
CaTFI	10.22	NL
GNMA	9.92	NL
GoldIn	11.38	NL
NITFI	10.07	NL
NITFL	10.91	NL
Tg1990	98.36	NL
Tg1995	66.99	NL
Tg2000	43.28	NL
Tg2005	27.94	NL
Tg2010	19.41	NL
Tg2015	14.22	NL
Tg2020	9.99	NL
T Note	10.00	NL
Berger Group:		
100	7.49	7.49
101	6.68	6.68
Bernstein Fds:		
GvSh	12.59	NL
ShtDur	12.54	NL
IntDur	12.48	NL
DivMu	12.60	NL
NYMu	12.61	NL
BlanPr p	7.00	7.00
BlnSGr p	9.81	9.81

	Bid	Ask
Cnl Shs	17.65	NL
ChpHY p	10.98	11.53
Chestnt	94.68	NL
CIGNA Funds:		
Aggrsv p	12.72	13.39
GvSc p	9.83	10.35
Grth p	13.79	14.52
HIYld p	8.43	8.87
Inco p	7.48	7.79
MunB p	7.72	8.13
Util p	12.58	13.24
Value p	15.29	16.09
Citibank IRA-CIT:		
Balan f	2.20	NL
Equit f	2.41	NL
Incom f	1.99	NL
ShtTr f	1.70	NL
Clipper	38.93	38.93
Colonial Funds:		
AGold p	19.97	21.19
CalTE	6.97	7.32
CaCsh p	41.88	42.65
CCsil p	40.63	41.46
Dvsdln	6.92	7.34
Fund p	19.23	20.40
GvSec p	10.48	11.24
Gwth p	11.32	12.01
HIYld p	5.79	6.08
Incom p	6.08	6.38
IncPls	8.66	9.19
IntEq p	17.57	18.64
MATx	7.08	7.43
MI TE	6.58	6.82
MN TE	6.87	7.21
NY TE	6.63	6.96
OhTE	6.82	7.16
SmIln p	12.29	13.04
TXIns p	7.62	8.00
TxEx p	12.90	13.54
US Gv p	6.99	7.34
US Id p	16.38	17.38
Colonial VIP:		
DvRet t	10.73	10.73
FdSec t	9.83	9.83
Gwth t	11.15	11.15
HIInc t	8.64	8.64
HYMu t	9.86	9.86
IntHd t	11.61	11.61
Columbia Funds:		
Fbnd	12.45	NL
Grth	23.40	NL
Muni	11.65	NL
Specl	28.44	NL
Common Sense:		
Govt	10.76	11.54
Grwth	12.42	13.79
GrInc	12.62	13.79
MunB	12.37	12.99
CwlthBl	2.00	2.16
Compass Capital:		
EqInc	9.85	10.31
FxdIn	9.84	10.30
Grwth	10.43	10.92
ShInt	10.03	10.50
Composite Group:		
BdStk p	9.97	10.39
Gwth p	10.15	10.57
InFd p	8.18	8.52
NW50 p	20.66	21.63
TxEx p	7.09	7.39
USGv p	9.88	10.29
Conn Mutual:		
Govt	10.43	10.92
Grwth	12.29	13.11
TotRet	12.23	13.05
Copley	13.66	NL
Counsellors Fd:		
CapAp	10.95	NL
EGth	12.69	NL
FixInc	9.47	NL

	Bid	Ask
Cont	18.61	NL
Fbxd	101.52	NL
Govt	102.27	NL
DG Div	22.51	NL
Dodge&Cox:		
Balan	35.69	NL
Inco	10.46	NL
Stock	40.18	NL
Dreyfus:		
A Bond	13.27	NL
CalTx	14.45	NL
CapV p	14.24	14.97
CvSec	9.22	NL
Dreyf	11.55	NL
GNM p	14.32	NL
GthOp	9.75	NL
Index	14.23	NL
InsTx p	17.43	NL
Interm	13.45	NL
Levge	15.34	16.06
Mas Tx	15.46	NL
NJ Tx p	12.34	NL
NwLd p	27.85	NL
NY Tax	14.74	NL
NYTE	16.56	NL
NYIn p	10.59	NL
PeopIn	11.88	NL
ShInT	12.56	NL
ShIGv	11.15	NL
StrAg p	28.24	29.11
StInc p	12.53	13.12
StInv p	18.29	19.15
StrW p	24.84	25.61
Tax Ex	12.39	NL
Thrd C	6.67	NL
USG Bd	12.75	NL
USG In	12.29	NL
Dreyfus General:		
GnAg p	23.62	NL
GnCA	12.63	12.63
GNNY p	18.40	NL
GnTE p	13.97	NL
Dreyfus Premier:		
CA Mun	12.16	12.73
CT Mun	11.09	11.61
FL Mun	13.68	14.32
Gnma p	14.11	14.77
MD Mu	11.89	12.45
MI Mu	14.09	14.75
MA Mu	10.93	11.45
MN Mu	14.05	14.71
NY Mu	13.00	13.61
OH Mun	11.82	12.38
PA Mun	15.01	15.72
MunBd	13.09	13.71
DupKyt f	6.78	NL
Eaton Vance:		
EVStk	14.18	14.32
GvtOb p	11.14	11.70
Grwth	8.04	8.44
IncBos	7.79	8.18
Invest	6.94	7.29
MunBd	9.10	9.55
Nautls	12.44	13.06
SpEqt	21.69	22.77
TotRt p	8.92	9.36
VS Spl	11.86	12.45
Eaton V Marathn:		
CalMu t	9.85	9.85
EqInc t	10.67	10.67
HiInc t	7.43	7.43
HiMun t	9.30	9.30
EclipEq	9.93	NL
Emblem Fund:		
EraEq	9.31	9.70
IntGv	10.17	10.59
OH Reg	8.63	8.99
RelEq	10.17	10.59
SI Fxd	10.02	10.44

	Bid	Ask
CA TF	11.21	NL
CA In	9.63	NL
Canad r	14.66	14.96
CapAp r	15.07	15.38
CngS	116.50	
ConnT	10.61	NL
Contra	17.06	17.59
CnvSc	11.20	NL
DisEq r	13.38	NL
Eq Inc	23.84	24.33
EqIdx	12.85	NL
Europ r	18.16	18.53
Exch	78.53	
Fidel	17.20	NL
FlexB	6.70	NL
Fredm	14.94	NL
GloBd r	11.70	NL
GNMA	10.21	NL
GovtSc	9.39	NL
GroInc	16.27	16.60
GroCo	19.45	20.05
HiInc	6.88	NL
HIYld	12.37	NL
InsMu	10.96	NL
IntBd	9.86	NL
IntGr r	14.06	14.20
LtdMn	9.26	NL
LowP r	10.24	NL
Magln	56.16	57.90
MI TF	10.92	NL
MA TF	11.11	NL
MN TF	10.42	NL
MtgSc	10.15	NL
MunBd	8.08	NL
Oh TF	10.70	NL
NJ HY	10.46	NL
NY HY	11.67	NL
NY Ins	10.81	NL
OTC	19.44	20.04
Ovrse	29.32	30.22
PcBas r	12.52	12.80
Puritn	12.63	12.89
RealEs	8.85	NL
ShtBd	9.27	NL
ShtTGv	9.92	NL
Sht TF	9.47	NL
SpcSit	18.27	19.72
Trend	40.84	NL
UtilInc	11.33	NL
Value	26.45	NL
Wrldwde	9.74	NL
Fidl Inv Instit:		
CTAR r	7.74	NL
EqP G	15.91	NL
EqP I	10.58	NL
IP LTD	10.07	NL
IP SG	9.43	NL
TE Ltd	10.61	NL
QualD	10.43	NL
Fidelity Selects:		
SIAir r	10.27	10.48
SIAGI r	17.21	17.56
SlBio r	17.59	17.95
SlBrd r	10.97	11.19
SlBrk r	7.88	8.04
SlChe r	22.28	22.73
SlCmp r	12.21	12.46
SlDef r	11.60	11.84
SlElec r	9.14	9.33
SlEUt r	10.57	10.79
SlEne r	17.74	18.10
SlEnS r	15.14	15.45
SlEnv r	12.03	12.28
SlFnS r	26.44	26.98
SlFd r	24.17	24.66
SlHlth r	50.19	51.21
SlInd r	11.71	11.95
SlLesr r	23.89	24.38
SlMD r	12.40	12.65

	Bid	Ask
TFIns p	15.51	16.24
USGv p	10.21	10.69
Flag Investors:		
EmGt p	11.63	12.20
IntTr p	13.27	13.90
QulG p	10.26	10.74
TelIn p	9.56	10.01
TRTs p	9.71	10.17
Flagship Group:		
AATE p	9.80	10.23
AZTE p	9.63	10.05
CoCsh p	30.69	NL
CTTE p	9.65	10.07
FLTE	9.60	10.02
GATE p	9.73	10.16
KYTE p	9.91	10.34
MITE p	10.62	11.09
NCTE p	9.50	9.92
OHTE p	10.49	10.95
PATE p	9.41	9.82
TnTE p	10.12	10.56
VATE p	9.74	10.17
Flex Funds:		
Bond p	17.93	NL
Grth p	10.26	NL
Mutr tp	4.98	NL
Fortress Invst:		
GISI r	9.21	9.30
HiQal t	12.54	12.67
MunIn t	10.09	10.19
TP US r	9.50	9.60
Util r	9.95	10.05
44 WlEq	5.18	5.23
44Wall	2.16	2.16
FormBd	9.88	10.26
ForumSt	9.54	9.91
Founders Group:		
BlueC p	7.32	NL
Discv	10.98	NL
Frntr p	17.54	NL
GovSec	9.63	NL
Gwth p	8.66	NL
Inco p	7.43	NL
Specl	9.95	NL
WldGr	10.82	NL
Franklin Group:		
AGE	2.51	2.61
AdjMt	10.03	10.45
AL TF	10.73	11.18
AZ TF	10.51	10.95
CalIns	11.18	11.65
CalTF	6.92	7.21
CO TF	10.72	11.17
CvtSc	9.17	9.55
DNTC	14.75	15.36
Equity	6.56	6.83
FedTx	11.27	11.74
FL TF	10.69	11.14
GlOpi	9.58	9.98
Gold	14.32	14.91
Grwth	22.86	23.81
HY TF	10.50	10.94
Incom	1.94	2.02
InsTF	11.25	11.72
MaTF	10.73	11.18
MI Tax	11.13	11.59
MNIns	11.48	11.96
MO TF	10.68	11.13
NJTF	10.66	11.10
NY Tax	10.86	11.31
NC TF	10.84	11.29
OhIal	11.28	11.75
ORTF	10.65	11.09
PaTF	9.60	10.00
Option	4.65	4.84
PR TF	10.80	11.25
SI Gov	10.21	10.37
SpEq	10.90	11.35
TA Gov	10.05	10.47
TxAHY	7.66	7.98

U.S. Long-Bond Rates Soar on Oil Price Fears

By H.J. Maidenberg

New York Times Service

NEW YORK — Interest rates on long-term U.S. Treasury bonds rose sharply last week amid fears that sharply higher oil prices will trigger higher inflation.

Economists said the tense situation in the Middle East combined with lackluster bidding at the Treasury's $32 billion quarterly refunding last week to turn market sentiment extremely negative.

"Aside from wanting to square their books for the weekend because of nervousness over the Mideast situation, many in the fixed-income market were concerned about the large supply of refunding issues that are still in the hands of dealers," said Steven R. Ricchiuto, chief economist at Barclays de Zoete Wedd Securities Inc.

The absence of Japanese investors at last week's record refunding also created some unease, Mr. Ricchiuto said Friday, "but everybody's primary focus today seemed to be on getting their portfolios hedged for the weekend."

The benchmark Treasury long bonds, the 8.75 percent issue that matures in May 2020, closed at 99 18/32 to yield 8.79 percent, down in price from 102 3/32 to yield 8.54 percent a week ago.

The $10.25 billion of new 30-year long bonds, auctioned Thursday at an average yield of 8.87 percent, traded on a when-issued basis at 99 24/32, off 12/32 on the day, for a yield of 8.77 percent.

Also in when-issued trading, the $10.5 billion of 10-year notes auctioned Wednesday at an average yield of 8.77 percent traded Friday at 100 19/32, down 5/32, to yield 8.66 percent, while the $11.5 billion of three-year notes sold Tuesday at an average yield of 8.10 percent were unchanged at 99 24/32, for a yield of 8.09 percent.

Shorter-term Treasury issues were little changed or only slightly

U.S. CREDIT MARKETS

lower last week, largely because this maturity sector would be the most beneficially affected by any lowering of interest rates by the Federal Reserve Board. Economists believe the Fed will soon have to cut interest rates to avoid a recession later this year.

Rates for three-month Treasury bills eased to 7.31 percent from 7.37 percent a week earlier, while rates for six-month bills slipped to 7.19 percent from 7.29 percent the previous week.

As it has all week, the Fed on Friday added more reserves to the banking system. The latest intervention involved $1.5 billion of customer repurchase agreements. And once again the Fed's action was considered a technical response to seasonal needs rather than any policy move.

This supposition was supported by the steadiness in the federal funds rate, which banks charge each other for temporary loans. The funds traded almost all day at 8 percent, before closing a touch easier at 7 15/16 percent.

Swiss Bank Manager Is Arrested

The Associated Press

ATHENS — A manager of a Swiss bank owned by the Greek shipping tycoon Yannis Latsis has been arrested for allegedly embezzling large amounts of money, a spokesman for the shipowner said Saturday.

The spokesman said that the Luxembourg branch manager of the Banque Des Depots, identified only as S. Nikolaidis, was being held in a Luxembourg jail pending an inquiry into the alleged embezzlement, which came to light two weeks ago, the quasi-official Athens News Agency reported.

The socialist daily Epikairotita said Saturday that Mr. Nikolaidis is suspected of embezzling over $20 million by forging bank documents and milking funds in customers' accounts.

Epikairotita quoted the 80-year-old Mr. Latsis as saying, "I will pay all the clients and victims of the manager in full."

Mr. Latsis' total wealth, diversified among shipping and banking interests, was estimated at over $1 billion, according to the latest list of world billionaires compiled by Forbes Magazine.

$500 Million Bailout for NBW

By Joel Glenn Brenner

Washington Post Service

WASHINGTON — The U.S. government has sold National Bank of Washington to Riggs National Bank for $33 million, in a transaction that will rank among the top 10 costliest bank rescues ever.

The Federal Deposit Insurance Corp. said it will cost U.S. taxpayers at least $500 million to bail out NBW, which was officially closed Friday and declared insolvent. The banks 18 branches will reopen Monday under the Riggs name.

Riggs' purchase was the latest in a long series of savvy financial moves engineered by the bank's chairman, Joe L. Allbritton, analysts said.

The combination of the two banks solidifies Riggs' position as the dominant bank in the District of Columbia, adding $1 billion in deposits to the bank's $5.7 billion.

"This clearly puts Riggs on top," said Arnold Danielson, a Maryland-based banking consultant.

Mr. Allbritton said in a statement that the purchase of NBW "fits into Riggs' strategy of concentrating on quality, liquidity and profitability, in that order of priority."

Although it is unclear which other banks actually made bids for NBW, several local institutions expressed interest to the FDIC, including Crestar Financial Corp. and Sovran Financial Corp., sources said. NCNB Corp., the North Carolina banking giant that has long been interested in entering the Washington market, also had expressed interest in the deal, sources said.

Last week, federal regulators seized control of NBW after its parent firm, Washington Bancorp., filed for bankruptcy protection from creditors. While negotiating for a buyer, the government has been operating the bank, which has been plagued by problem real estate loans and management turmoil.

To complete the sale and protect NBW depositors, the FDIC said it will advance about $400 million to Riggs and will keep about $500 million of troubled NBW loans that Riggs refused to accept.

As part of the transaction, Riggs will take on about $1 billion in NBW deposits and about $1.1 billion of NBW loans and other assets. However, Riggs retains the option of returning any loans it doesn't like to the federal government during the next four months — an option that could raise the cost of the rescue to taxpayers. Riggs also has taken over NBW's trust business, a money management operation it has coveted for several years.

"Compared to the other bids received and the actual cost of doing a depositor payout, this was a better alternative," said an FDIC spokesman, David Barr. "Although it may appear costly, from the government's standpoint, it was a good deal."

NBW's small Maryland and Virginia banks were not included in the government takeover or purchased by Riggs. Those banks continue to operate under the NBW name.

So far, the FDIC has taken on nearly one-third of NBW's total assets, all of that in the form of problem loans. Even in the costliest rescue to date, that of First Republic Bancorp of Dallas, which cost taxpayers about $3 billion, the government only assumed 10 percent of the bank's assets.

Mr. Barr said the ultimate cost of the NBW rescue will depend largely on how much money the FDIC can generate from the sale of loans left in the government's hands.

Singapore Bank's Net Jumped 34% in Half

Agence France-Presse

SINGAPORE — Development Bank of Singapore said in a report for release Monday that its net profit rose 33.8 percent, to 113.7 million Singapore dollars ($61.7 million), in the first half of the year.

DBS, parent bank of the DBS Group and one of the republic's top four local banks, said earnings compared with 85 million dollars in the year-earlier period.

DBS said that the major contributor to its earnings during the first six months continued to be net interest income, which rose 19.2 percent to 193 million dollars.

The bank also reported that its other income, from investment banking and treasury financing, more than tripled to 84.5 million dollars from 29.7 million dollars.

DBS said that its total income after subtracting interest expenses increased 41.1 percent to reach 305.5 million dollars for the first half of the year.

The DBS Group as a whole also reported substantially higher financial results for the first half of the year. Net profit increased 15.6 percent, to 130.4 million dollars.

Earnings per share jumped to 55 cents from 48 cents in the first half of 1989.

Similarly, at the bank level for the same comparative period, earnings per share improved to 48 cents from 36 cents.

WALL STREET REVIEW

Figures as of close of trading Friday, August 10.

NYSE Most Actives

Vol.		High	Low	Last	Chng.
Alcan	187941	23½	22⅛	22½	— ⅜
Texaco	171531	67⅞	62¼	63⅝	—1½
WalMt s	130901	31	28	29⅞	— ½
PhilMr s	127808	46½	43¼	45⅞	— ⅝
Boeing s	107864	54⅞	50¼	53¼	— ¾
Unitel s	106076	26¾	23	26¼	+1½
Exxon	103050	55⅛	51⅛	51⅞	— ⅞
GenEl	99953	68⅞	65⅝	66⅝	—3⅛
GlbM n	94459	5⅞	5	5⅞	+ ⅜
AT&T	91147	35⅝	34	35	—1
IBM	91121	105	101½	102	—4⅞
Waste s	90474	40¼	34	38¼	—1¼
Citicorp	85473	19⅞	17½	19⅝	+1
GnMotr	85190	42⅝	39⅛	39½	—3⅛
GTE s	80507	28⅛	26½	26⅝	—1¾
FdNM s	76421	35⅛	32⅛	33⅝	—2
McDonl	72051	31	27½	29⅞	— ⅜
BrMySq	71114	62	56¼	61¼	+ ¾
AmExp	67072	27½	24⅜	27½	— ⅛
TexUtil	62765	36⅝	35⅝	36⅛	— ⅜
Mobil	61254	69½	65½	65⅞	—1
PhilPet	60578	31⅛	28½	29½	+ ⅜
EKodak	60363	42¼	38⅞	41	+ ⅛
BnkAm	57762	23⅝	20⅝	22⅝	+ ½
Glaxo	57708	30⅛	28	28⅝	— ⅜

AMEX Most Actives

Vol.		High	Low	Last	Chng.
ContAir	51268	6¾	3½	6½	+1⅞
SNk l93wt	45259	13⅛	10⅞	12⅞	+2
Dk Nk wt	40511	14	11⅛	14	+2⅛
Amdhl	33801	13⅞	10¾	12⅞	+ ⅝
PW Nk pw	29358	5⅛	4	4⅞	+ ⅝
EksNk wt	24969	5¼	4⅛	5⅛	+1
SNk f93wt	21873	14	11¾	14	+2¼
EchoBy	21210	14⅛	13¼	13¾	+ ⅛
BT Nk wt	20487	33½	26⅞	33½	+7
DowC rt	18265	9⅝	7⅜	7¾	—1
ENSCO	17777	4⅝	4	4⅝	— ⅛
A-gte sc s	16741	9⅝	7⅜	8	—1½
WangB	14506	3⅞	3⅜	3½	— ¼
Summa	13089	2¼	1½	2¼	+ ¼
BAT In	12924	10⅝	9⅞	10½	+ ⅛
FruitL	12534	11⅞	10⅞	11½	— ¼
Coran g	12169	6⅝	6⅛	6⅝	— ⅛
Diasonc	11661	2⅞	2½	2⅞	— ⅝
Alza	10349	44⅛	40⅝	43½	—1¾
WDigitl	9513	10⅞	9⅛	10⅛	—1
Nabors	8384	6⅞	5⅞	5⅞	— ⅜
Hilhav n	8083	1½	1⅛	1½	— ⅛
MagmC	8033	6⅝	5	6	+ ¼
SNk 93cwt	8025	3⅛	2½	2¾	— ¼
TubMex	8021	6⅝	5½	5⅝	— ¼

NYSE Sales

	Sales Vol.
Total for week	963,530,000
Week ago	1,042,540,000
Year ago	1,004,030,000
Two years ago	900,420,000
Jan 1 to date	24,719,765,000
1989 to date	26,201,720,000
1988 to date	27,102,660,000

AMEX Sales

	Sales Vol.
Total for week	85,770,000
Week ago	80,980,000
Year ago	82,710,000
Jan 1 to date	2,170,460,000
1989 to date	1,863,500,000

NYSE Diaries

	This Wk
Advanced	530
Declined	1428
Unchanged	241
Total Issues	2199
New Highs	41
New Lows	535

AMEX Diaries

	This Wk
Advanced	239
Declined	597
Unchanged	163
Total Issues	999
New Highs	24
New Lows	217

CVS DIAMOND* BASE CONSUMER SELLING PRICE — W.E. 10/8/90

CARBON VAPOUR SET DIAMOND* IN 18KT. HALLMARKED GOLD.	TOTAL DIAMOND WEIGHT-CARAT	US$ PER PIECE
CLEAN, H COLOR, EXCELLENT MAKE 1 POINTERS, DIAMOND SETTINGS.	1.00 0.75 0.50 0.25	2,560 1,920 1,280 640

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Swiss Franc Set for Further Rise

Reuters

ZURICH — High Swiss interest rates will underpin the buoyant Swiss franc at or above its current levels for the next six months, and perhaps push it to a record high against the dollar, according to dealers and market analysts.

With the Swiss National Bank still unwilling to lift its foot off the monetary brakes — especially with sharply higher oil prices stoking inflationary pressures — the franc seems likely to keep flexing its muscles, they said.

But they played down the importance of the franc as a "safe haven" currency amid political turmoil in the Gulf.

"I do not think there is a safe haven currency at the moment," said Roberto Bianchi, chief foreign exchange dealer at Union Bank of Switzerland in Zurich.

"In the past every Middle Eastern conflict was seen in the context of the East-West confrontation," he said. "If bad came to worse Europe was closer to Russia than America was, so it was best to be as far away as possible."

But as superpower relations have improved, the need for safe haven currencies has declined, he added.

That leaves the market to focus on fundamental factors, which helps explain why the franc has surged this year after stronger currencies had kicked sand in its face in 1989.

The resurgent franc has gained 7.5 percent against the Deutsche mark, 13 percent against the dollar and 16.5 percent against the yen since the beginning of the year.

The main reason has been the Swiss central bank's tough policy, designed to keep the franc firm and bring inflation under control.

"We still have relatively high interest rates and a tight monetary policy, and that is not going to change soon," Mr. Bianchi said. He said the crisis in the Gulf and resulting higher oil prices would only reinforce that stance.

The annual rate of Swiss inflation, at 5.3 percent in July, was already the highest since December 1982, even before the oil price shock.

Energy prices make up around 8 percent of the consumer price basket Switzerland uses to measure inflation.

The Federal Institute of Technology's economic research unit estimates higher oil prices could force consumer prices to rise 5.8 percent in August. The research unit, working on the assumption that oil prices stay around $25 per barrel for the rest of the year, raised its forecast for average Swiss inflation in 1990 to 5.2 percent from its previous forecast of 4.9 percent.

"We are going to see a significant rise in inflation, at least for August," said Hilde Phan, an economist at Crédit Suisse economist, and that will force the central bank to keep interest rates high.

"Three-month Eurofrancs will remain high — and will certainly not be lower than Euromark rates — until around the middle of next year," she said.

Analysts said the turmoil in the Middle East has cloaked other reasons for the franc to gain.

"If we did not have the Middle East crisis, everybody would be talking about Germany and the sorry show they are offering," said Mr. Bianchi. Political wrangling over elections and a growing conviction that previous estimates of the cost of unification were far too conservative, are forcing capital to flow out of Germany and the European Community.

The dollar could slide to historic depths, below 1.27 francs, as the weak U.S. economy drags interest rates lower and European central banks keep policy tight, Mr. Bianchi said.

Invisible Hand at Work in Warsaw

By Stephen Engelberg

New York Times Service

WARSAW — As the crowds of shoppers promenade up and down Malczewskiego Street clutching brown bags bulging with produce, Adam Smith's invisible hand is meting out some rough supply-and-demand economic justice.

The dingy confines of state-run stores like Spolem Zaprasza, with limp lettuce and bruised bananas, attract little more than disdainful glances.

Instead, the green, red and blue zloty bills flow briskly to the sidewalk stands where Poland's largest class of aspiring capitalists are hawking a cornucopia of superior products at lower prices.

This summer, thousands of commercial strips like Malczewskiego have become economic battlegrounds, sites of some very personal confrontations between the aggressive new entrepreneurs of the street and the fading remnants of this country's communist economy.

"We're almost useless; we go days without making money," complained Urszula Wisniewska, a saleswoman at Spolem Zaprasza who believes that the government should intervene to save the store.

To varying degrees, every aspect of the Polish economy is being tempered by such market forces. For the last six months, the government has been trying to foster the growth of the spirit as well as the structure of capitalism.

Most sectors, notably heavy industry, remain in the hands of huge, state-run companies. But the food distribution system is seen by economic planners as a success story, an area in which private enterprise has seized a big share of the market.

Still, the transition in Warsaw and many of the outlying cities has been slowed by the tenacity with which the state-run stores have clung to life — and to their leases. After six months of capitalist success, many of the street merchants are ready to rent small shops but find themselves stymied by a lack of space.

Ms. Wisniewska has a clear understanding of what ails her store. She acknowledged that the goods are of relatively poor quality while the prices she is required to charge by the company's central management are too high to compete with the street marketeers.

She has no authority to adjust to the nimble local marketeers, who instantly shift their prices to put her store at a disadvantage.

The object of Ms. Wisniewska's ire are people like Robert Sulewski and Adam Lambach, who have a fruit and vegetable stand a few yards from her door.

A few months ago, Mr. Sulewski was working for the state airline making about $30 a month as a driver at a job that had — on its most demanding days — an 8-to-4 schedule.

These days, Mr. Sulewski rises at 4 A.M. to pick up fruits and vegetables from a private wholesaler. He and his partner arrive a Malczewskiego Street by 7 A.M. to catch the early shoppers. They stay until 6 P.M. In two days, Mr. Sulewski says, he clears as much as he earned in a month before.

"Yes, it is much harder," he said. "But I can make a lot more money and I don't have to depend on anyone else. There is no one looking over your shoulder, telling you what to do."

There is a catch in this capitalist success story. Three months from now, winter will begin and the two men want to be working indoors by then. But like many of their colleagues, they lack the contacts among former communists to lay their hands on a lease.

Mr. Sulewski and Mr. Lambach seem a bit embarrassed when asked if they consider themselves capitalists — a word that for 45 years had negative connotations. "Not yet," shrugged Mr. Sulewski.

Nonetheless, their business techniques would warm the heart of a Western professor teaching introductory economics. The first reference point for setting prices each morning is the state-run stores, and the two said they made sure to undercut Ms. Wisniewska. Then begins the jockeying among the street merchants.

Prices for produce are scrawled in pencil on brown paper sacks, and every hour or so either Mr. Sulewski or Mr. Lambach walks up and down the line of trucks and makeshift tables to check the competition. If sales are slow, they drop their prices a bit.

On any given day on Malczewskiego Street, there are upwards of 30 regulars. Laid out on the backs of vans and on makeshift wooden tables are fresh lettuce, firm bananas, carrots, Russian hairdryers, lace lingerie, children's clothing, Bulgarian tomatoes, sugar, books, a VCR, diapers, flowers and fresh meat.

The meat, often shrouded in flies, does not sell well. But the consumer products and the produce can still inspire wonder in a populace for which such riches were a faraway dream less than a year ago.

BRADY: *Gulf Troubles Expected to Cut U.S. Growth*

(Continued from first finance page)

director, said that "we have been pushed over into a recession by the oil shock."

For all the severity of the initial impact on the economy, Mr. Brady made it clear that in the administration's deliberations over how to respond to the Iraqi invasion of Kuwait there was a feeling that failure to act quickly and forcefully would have invited a greater economic threat.

Most Americans, he said, would understand the need to intervene in the Gulf, even if it proves costly.

"Placing so much control of so much of the world's oil production in the hands of a man who is bent on military solutions to the world's problems is a very dangerous thing," Mr. Brady said.

The administration already has its hands tied in how it can deal with the impact of higher oil prices because of the size of the federal deficit.

"Events in the Middle East call attention to the fact that when you are operating an economy, a company or a personal checkbook with too much debt you place yourself in the position that is less strong than you would want it to be," Mr. Brady said.

The economic fallout of the confrontation with Iraq should only increase the urgency of shrinking the budget deficit when talks between the White House and Congress resume in September, he said.

Government economists agree that the economic downturn is not likely to be as bad as it was during the last oil shock in 1979, unless the price moves into the range of $35 to $40 per barrel.

Administration officials tentatively have decided that even if prices were to go up to $35 to $40 a barrel, they will not repeat what they consider to be a basic mistake of the last oil shock, when an attempt was made to control oil prices. That was the genesis, they feel, of the painful customer queues at service stations.

Mr. Brady based his relatively optimistic assessment of the economic impact of the Gulf crisis on an oil price increase of $5 per barrel from last month's $19 price.

That increase would translate into an approximately 12 cent a gallon increase in retail gasoline prices. "That's about four-tenths of 1 percent to five-tenths of 1 percent in the level of the Consumer Price Index. And if you sustain that a year, then that bleeds into higher clothing prices, airline tickets, and other forms of transportation of another four- to five-tenths, so you're talking about eight-tenths to 1 percent" increase in consumer prices, a government official said.

DOLLAR: *U.S. Currency to Weaken Despite Tension*

(Continued from first finance page)

rently the funds rate, the base from which all market rates are scaled up, is 8 percent.

Mr. Lipsky said the Fed is unlikely to move that fast but that he expects the funds rate to be about 7½ percent by the end of the year. The rate closed at 8 percent on Friday.

The reduction is not expected to have much impact on longterm interest rates given the prospect of higher inflation and bigger government borrowing as the slowdown reduces federal income. As a result, the yield curve measuring returns on two-year to 30-year bonds will steepen with short rates falling and long rates rather stable.

The economic slowdown will have at least one positive side effect in cutting imports and narrowing the trade deficit, perhaps as much as $30 billion, Mr. de Vries estimates. This will reduce the foreign borrowing requirement of the United States, a factor that will help limit the dollar's decline.

As important, perhaps, is the clouded outlook for the dollar's two most likely rivals.

Fundamental conditions in Japan and West Germany — with both experiencing relatively robust growth and moderate inflation — are brighter than in the United States.

More important, if the recent past serves as a reliable guide, money will flow into those currencies paying the highest real interest rates.

By this yardstick the Europeans currencies should be the star performers.

Estimates made by Nomura Securities based on prevailing interest rates and anticipated inflation assuming an oil price of $25 shows a real return of 4.9 percent on 10-year Japanese government bonds compared with an expected 5.7 percent in Deutsche marks, 6.4 percent in French francs and 6.5 percent in Dutch guilders. U.S. dollar investments trail with an expected real return of 4.3 percent.

On the other hand, he and other analysts warn that the Deutsche mark's momentum could be lost by mounting concern about the ever increasing cost of financing East Germany and the Bundesbank's ability to keep inflation in check.

OIL: *Crisis Will Spotlight Japan's Economic Strengths*

(Continued from first finance page)

seven leading industrial nations, and only marginal reductions in inflation.

"The bottom line is that the Anglo-Saxon economies will run very close to recession," said Russell Jones, senior economist at UBS Philips & Drew International Ltd. "It's a strong possibility they could see two quarters of negative growth over the next 18 months."

Mr. Jones suggested in a presentation to Japanese investors Friday that as recession takes hold, the United States could ask Japan to act as an engine of global economic growth, a role it has not played before under such circumstances.

Scarred by the first oil shock in 1973, Japan has drastically reduced its dependence on oil and its energy needs as a component of industrial production. Through the 1980s, it discarded oil-intensive "sunset industries," built up its nuclear generating capacity and invested heavily in technology-related fields.

The contrast with competing economies is stark: Japan now consumes 1.24 tons of oil equivalent per $1,000 of national output. For the United States the figure is 3.35 tons and for West Germany, 1.87 tons.

More damaging still for the United States is the state of the economy. It has been weakened not only by spending on defense rather than productive investment in industry; the oil crisis also comes before the country has paid for its decade of emphasis on consumer spending and Washington's lack of fiscal discipline.

Until recently, economists and political analysts say, West Germany would have been expected to keep pace with Japan better than the United States. But the economic problems related to its absorption of East Germany, which have mounted alarmingly only in the past two weeks, are expected to grow further due to the Middle East crisis.

> **Both the United States and West Germany are expected to suffer far more than Japan does.**

It was already clear that East German unemployment and the collapse of the East's industrial structure posed a massive financial challenge for Bonn. Now, the question is how inflationary will be its inheritance of a manufacturing sector that is far less energy efficient than any West European nation.

That issue is likely to cut into West German economic strength for the next several years, economists forecast.

How various industries in the United States will respond is uncertain.

High-technology businesses such as semiconductors are expected to be affected only marginally by higher oil prices. But in industries such as autos, which were already slowing significantly, fuel-efficient Japanese cars will now enjoy a greater competitive edge.

In political terms, at least, the Middle East crisis could receive an ironic welcome from both President George Bush and Chancellor Helmut Kohl, analysts suggested. Mr. Bush has been accused of indecision on many of the most fundamental economic issues facing the United States; Bonn's headlong rush toward unification with the East is widely attributed to Mr. Kohl's personal ambition.

Both leaders can now step partially free of such charges by overstating the impact of a sudden rise in oil prices. At the same time, political commentators, and privately some officials, are already asking why Japan cannot contribute at least financially to a multilateral security effort currently expected to cost some $3 billion.

Over the weekend, Prime Minister Toshiki Kaifu and members of his administration remained preoccupied with a set of national energy-saving measures due to be announced this week. There was no indication that Tokyo planned a financial contribution to the defense of Saudi Arabia.

"Given all the economic background, the imagery on the burden-sharing issue is rather stark this time," a U.S. administration official said. "Japan does a lot, but I don't see how you can escape the inference that it should be doing more."

BONDS: *Prices Stage Rebound*

(Continued from first finance page)

reducing the possibility of them issuing new shares to meet the new capital-to-assets ratio coming into force.

The Japanese banks' appetite for new business has been a mainstay of the syndicated loan market.

In addition, the freeze on doing business with Kuwaiti-owned institutions and the run on the other Middle East banks is eliminating another sector of demand for loan participations.

Arab Banking Corp., for example, is owned — 25 percent each — by Kuwait and Libya. Both countries are subject to sanctions by U.S. authorities and the U.S. Treasury said last week it is reviewing whether business with the bank should be blocked. A decision will be made Aug. 18. For the time being, the bank can conduct its normal business with U.S. banks but cannot transfer funds to Kuwait.

Standard & Poor's announced last week it was putting ABC on credit watch for possible downgrading. The current rating on the bank's long-term debt and certificates of deposit is A-minus.

Arab Banking Corp. officials said that the threat of a block is unfair. They said while the aim of the U.S. government is to prevent Kuwaiti assets from falling into the hands of Iraq, the threat is hampering the bank's ability to function and thus damaging the value of Kuwaiti investments.

ABC officials say that operations have been "impeded" as other banks have begun cutting their lines of credit.

Gulf International Bank is also on the Treasury list, but categorized as an institution that "should not be considered blocked" at this time. A final determination will be made also on Aug. 18.

Gulf International officials said that the 14 percent Kuwaiti holding in the Bahrain-based bank is no different from the Kuwaiti investment in Midland Bank PLC or British Petroleum PLC and they anticipate no problem when the final list of blocked banks emerges Aug. 18.

Gulf International is currently joint underwriter with Citicorp on a $50 million syndicated loan for a state-owned bank in Turkey. The two-year facility for Vakiflar Bankasi carries interest of ⅝-point over Libor.

Upcoming in the loan market will be a dozen working capital standby facilities for the soon-to-be privatized regional electricity boards in Britain. The largest single facility will amount to £750 million and in all, about £4.5 billion worth of facilities will be marketed.

They are all expected to run for five years. The commitment fee the various electricity boards are expected to pay is in the area of seven basis points and the cost on drawing money from the banks is expected to be in the area of 15 to 20 basis points over the interbank rate.

Euromarts At a Glance

Eurobond Yields

	Aug. 8	Aug. 1
U.S. $, 8 yrs & over	9.28	9.22
U.S. $, 5 to 7 yrs	9.13	9.07
U.S. $, less than 5 yrs	8.73	8.72
Pounds sterling, less than 5 yrs	13.47	13.31
French francs, less than 5 yrs	10.57	10.31

Weekly Sales

Aug. 9

Primary Market

	Cedel		Euroclear	
	$	Non$	$	Non$
Straights	177.70	513.30	1,084.30	408.10
Convert.	1.00	1.50	—	—
FRNs	—	184.90	893.00	27.90
ECP	3,064.80	1,260.50	8,466.50	2,237.80
Total	3,243.50	1,960.20	10,443.80	2,673.80

Secondary Market

	Cedel		Euroclear	
	$	Non$	$	Non$
Straights	5,577.90	10,872.70	16,509.60	9,594.30
Convert.	208.70	549.00	864.50	488.40
FRNs	1,628.00	1,556.00	4,155.20	2,592.00
ECP	3,502.70	2,274.60	3,150.20	3,456.60
Total	10,917.30	15,272.30	24,681.50	16,131.50

Source: Euroclear, Cedel.

Libor Rates

Aug. 10

	1-month	3-month	6-month
U.S. $	8 1/16	8.00	8.00
Deutsche mark	8 5/16	8½	8⅝
Pound sterling	15.00	15.00	14 15/16
French franc	9 13/16	10.00	10⅛
ECU	10⅛	10⅛	10½
Yen	7⅝	7⅝	7 15/16

Source: Morgan Guaranty, Lloyds Bank, Reuters.

U.S. Consumer Rates

Aug. 10

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	7.45 %
Money Market Funds	
Donoghue's 7-Day Average	7.50 %
Bank Money Market Accounts	
Bank Rate Monitor Index	5.93 %
Home Mortgage, FHLB average	10.08 %

Source: New York Times Service, UPI.

U.S. Treasury Bonds

Aug. 10

Maturity	Close Bid	Ask	Yield	Wk-ago yield
31.07.92	100 2/32	100 4/32	7.96	7.81
15.05.93	99 22/32	99 24/32	8.12	7.98
30.06.94	100 24/32	100 26/32	8.27	8.04
15.08.95	100 18/32	100 20/32	8.34	8.11
15.07.97	99 23/32	99 25/32	8.55	8.32
15.06.00	100 17/32	100 19/32	8.67	8.44
15.02.06	104 17/32	104 21/32	8.83	8.59
15.08.20	99 21/32	99 23/32	8.78	8.54

Source: Salomon Inc.

INTERNATIONAL BusinessWeek

This week's topics:

- ○ Oil War:
- ○ A Dramatic Show Of Unity
- ○ A Not-So-Shocking Oil Shock?
- ○ Why The Global Economy May Not Sink
- ○ Kuwait's Billions In The Deep Freeze

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FIDELITY DISCOVERY FUND

Société d'Investissement à Capital Variable
33, Boulevard Prince Henri
L-1724 Luxembourg

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY DISCOVERY FUND, a société d'investissement à capital variable organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, 33, Boulevard Prince Henri, L-1724 Luxembourg, at 11:00 a.m. on August 30, 1990, specifically, but without limitation, for the following purposes:

1. **Presentation of the Report of the Board of Directors;**
2. **Presentation of the Report of the Auditor;**
3. **Approval of the balance sheet and income statement for the fiscal year ended April 30, 1990;**
4. **Discharge of the Board of Directors and the Auditor;**
5. **Ratification of the co-option of T.M. Collis as a Director of the Fund in replacement of John M.S. Patton.**
6. **Election of five (5) Directors, specifically the reelection of the following five (5) present Directors: Messrs. Edward C. Johnson 3d, Charles T.M. Collis, Charles A. Fraser, Jean Hamilius and H. F. van den Hoven, being all of the present Directors except William L. Byrnes who by reason of his retirement does not offer himself for re-election.**
7. **Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg;**
8. **Declaration of cash dividends on the Fund's Class A and Class B shares in respect of the fiscal year ended April 30, 1990, and authorisation of the Board of Directors to declare further dividends in respect of fiscal year 1990 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.**
9. **Consideration of such other business as may properly come before the meeting.**

Approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the meeting with no minimum number of shares present or represented in order for a quorum to be present. With respect to item 8, in order to approve the dividends, each class will vote separately its approval of the dividend to be paid on shares of that class; the affirmative vote of a majority of the shares of that class present or represented at the meeting will be required in addition to the affirmative vote of a majority of the combined classes present or represented at the meeting. Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of either or both Class A and Class B shares which constitute in the aggregate more than three percent (3%) of the outstanding shares of both classes, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: July 30, 1990

BY ORDER OF THE BOARD OF DIRECTORS

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, August 10.

A

			Sales in 100s	High	Low	Close	Net Ch'ge
A&W Bd			3098	29¾	28¼	29	—1
ACC Cp	.16	1.5	682	10¾	9	10½	+ ¼
ADC			1848	20	17¼	19¼	— ½
ADT	1		15575	30⅝	25⅞	28½	+ ⅜
AEL			247	5½	4½	5	+ ¼
AEP s			648	13¾	11⅞	12	—1½
ASK			2388	9½	7⅞	9	— ⅛
AST			14827	21½	18⅝	19⅝	— ⅛
AarnRt	.18	1.1	70	9¼	9	9	— ¼
AbingB	.08i		56	3¾	3	3½	+ ½
Acadin			3426	1	1	1⅛	+ ⅛
Accel	.20b	2.7	575	7½	6⅝	7½	+ ⅜
Acklam			11365	9⅝	8	9¼	
Aceto	.14b	1.2	78	12	11	11¾	+ ¼
ACMT			19	13	12	13	+ ½
Acml g			71	10½	9¾	9¾	— ⅝
AcmeSt			308	15¾	15	15¼	— ¼
ActARt			1893	4⅝	3¾	3⅞	— ⅝
ActnSv	.16i		273	1¾	1	1	— ¾
Acuiom			1125	20¼	17¾	19¾	+1¼
AdacLb	.04i		1584	1⅜	1⅛	1¼	— ⅛
Adage			320	1⅝	⅞	⅞	
Adapt			14428	18¾	15⅞	17¾	— ⅜
Adingt s			1673	19	17⅜	18	—1¼
AdiaSv	.16	.8	1379	19½	18¾	19¼	
AdobeS	.24	.8	23499	31	28½	29¼	—3
Adtec			2081	3⅝	3	3⅝	
AdvCir s			3221	8⅝	7⅝	8½	
AdvRos			464	9¼	8¼	8⅝	— ¼
AdvMop			71	12½	11¾	12⅛	— ⅜
AdMkSv			379	4⅝	4¼	4¼	— ¼
AdvPoly			2246	4⅝	3⅝	4¼	
AdvSem			210	4⅝	4⅜	4⅜	— ⅜
AdvTel			5964	16½	15	16	— ½
Advanta	.13e	1.2	3281	11½	10⅛	10⅝	— ⅝
AdvoSy			4561	10⅝	8⅝	10⅝	+ ¾
AegisG	.20e	2.2	5x	9	9	9	—1½
Aequitrn			655	2¼	1⅞	2⅛	+ ⅛
Aegon	2.46e	3.8	273	66½	63⅞	65½	+ ¼
AerSysl			162	⅞	⅝	⅝	
Aerovx			590	4	3½	3⅝	— ⅜
AflBcCp	.16i		382	1⅞	1⅜	1⅜	— ⅛
AflBsh			645	11¾	10⅝	11⅜	+ ⅜
AgncyR	.68i	5.4	5346	13⅝	11	12⅝	+ ¼
Agnico g	.20	2.5	1773	7⅞	6⅝	7⅞	+ ⅞
Agouron			55	8¾	8¼	8¼	— ⅛
Aicorp			2567	10½	10⅛	10½	

			Sales in 100s	High	Low	Close	Net Ch'ge
Biogn pf	2.12	5.2	826	40¾	36	40¾	+1¾
Biomet			13885	28⅛	26	27½	— ½
Biosph			103	4⅛	3¾	3¾	— ½
BiotcR			177	4⅛	3½	4⅛	+ ⅛
BioT Inl			249	3⅜	2⅞	3	— ⅛
BirdCp			411	12	11¼	11¼	— ⅝
BirdMd			3652	7½	6½	6¾	— ¼
Birtchr			151	5⅝	5½	5½	— ⅛
BizMrt			5587	11⅛	10¾	11⅛	+ ⅛
BlackI	.30e	3.0	6	10	10	10	— ¼
Blau			122	2⅝	2¼	2⅝	+ ⅛
BlisLav			1	5¾	5¾	5¾	
BlocDv			16823	8⅝	6⅝	8⅝	+ ½
BlckD	.70b	2.1	920	33¾	32¼	33¼	— ½
BRdg un			6x	9½	9¼	9¼	—1½
BoatBn	2.12	7.4	5413	29¾	28⅝	28½	— ½
BobEvn	.26b	1.9	5512	13⅝	13⅛	13⅝	— ⅛
Bohema	.20b	1.9	1710	11	10	10⅝	
BonvlP			3533	5¾	4½	4⅞	— ⅝
BooleB			349	15¾	14½	15¾	+ ¼
Borel	.33r	6.0	65	5½	5⅜	5½	+ ⅛
Borlnd			6561	18¾	16¼	17¾	
BostAc			209	23¼	20¾	22½	+1
BostBc	.60	4.6	1396	13⅝	12⅝	13	—1
BstnDig			54	3	2⅞	3	
BstnFB	.12i		1542	2⅝	2½	2⅝	
BostTc s			3582	4⅞	3⅞	4⅞	+ ⅞
BlvdBc	.48	3.0	59	16¼	15⅛	16	
BradyW	.40	1.4	30	27⅛	26½	27⅛	+ ⅛
Bronitre	.36	8.0	57	4⅝	4½	4½	— ½
Braids			10	2⅛	2⅛	2⅛	— ⅛
Brand s			2471	17½	15	15⅜	—1¼
Brandn	.24	2.8	56	9⅜	8½	8½	— ⅞
BrnldSv	.15i		340	4½	3½	3⅝	
Brkwt g			2733	1½	1⅛	1¼	— ⅛
Brenco	.20	3.0	3890	6⅞	6⅛	6⅛	— ⅛
Brendle			160	7¼	7	7	— ⅛
BrdgF s	.20	1.0	85	20	19	19½	— ⅜
BriteV			984	5⅛	3⅞	5⅛	+1
Bdcstln s			17	9	8½	8½	— ⅛
BdwyFn	.48	8.5	176	5⅝	5½	5⅝	+ ⅛
BrTom			2460	6⅞	5⅞	5⅞	— ⅜
Brunos	.18	1.2	8054	15⅞	13⅝	15⅝	+1⅛
BrynMw	1.52	5.4	25	30	28	28	—3
BcktyFn			19	9	8⅝	8⅝	— ⅛
Buffet			7517	19¾	18	18½	— ½
BuildT			1030	8¾	7⅛	7⅜	— ¼
BullRGd			1535	⅞	½	⅝	
BurrpS			1607	9	7⅝	8⅝	— ⅜
BurrBr			770	8¼	7¼	7½	— ⅝
BurrIt	.32	4.5	926	7¼	6½	7⅛	+ ⅛
BusnRc			160	12¼	11	12¾	+ ⅞
ButlrMf	20.00e		583	17	16⅛	17	+ ¼
Bytex			1221	8⅞	8⅛	8⅛	—1⅛

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(Continued on next page)

JS 137 (40)

Campeau Is Ousted From Company

Compiled by Our Staff From Dispatches

NEW YORK — Robert Campeau, the Canadian retailer whose empire collapsed under the weight of its debts, has been ousted as chairman and chief executive of his own company.

Campeau Corp.'s board made the announcement Friday, adding that James D. Raymond and Gary M. Goodman, representatives of major lenders, were named to take over Mr. Campeau's responsibilities as chief executive while the company searches for a successor.

Mr. Raymond is a director of the National Bank of Canada. Mr. Goodman is a top executive with Olympia & York Developments Ltd. of Toronto.

Robert Despres, a longtime Campeau director and president of DRM Holdings Inc., a Canadian investment firm, has been appointed chairman of the board on an interim basis.

Mr. Campeau will remain a director but has no other responsibilities within the company, a Campeau spokesman said.

The changes are effective immediately, he said.

The Campeau decision came at a special session of Campeau's board in Toronto.

Mr. Raymond, 65, was appointed to Campeau's board Aug. 1. He is a former president of Claridge Inc., an investment firm connected with the powerful Bronfman business family in Canada.

Mr. Goodman was elected to the board on July 30. He is a senior vice president of corporate development of Olympia & York in Toronto.

After getting his start in Canadian real estate, Robert Campeau went on a multibillion-dollar spending spree for American department stores in the 1980s using borrowed money, expanding his holdings to well-known names ranging from Jordan Marsh to Bloomingdale's.

But Campeau's department store divisions, Federated Department Stores Inc. and Allied Stores Corp., foundered under the heavy borrowings and in February sought protection from their creditors under Chapter 11 of the U.S. bankruptcy Code.

At the time, they had a combined debt of $7.7 billion.

Much of the debt was in high-interest junk bonds to finance the purchases by Mr. Campeau, who bought Allied in 1986 and Federated in 1988.

He lost control of the retailing operations shortly after they filed for bankruptcy. They are now run as a separate operation headquartered *in Cincinnati.*

The decline of Campeau Corp. contributed to the collapse of the $200 billion high-risk junk-bond market which ended a wave of mergers and acquisitions that marked the 1980s.

(AP, Reuters)

Mutual Fund Investors Urged to Resist Selling

By Carole Gould

New York Times Service

NEW YORK — Market experts say that investors in U.S. mutual funds can maneuver safely through the choppy waters of the current stock market if, first of all, they do not panic.

After that, the experts say, the investment course depends on the investor's tolerance for risk and time horizon.

For the adventurous, there are *superb opportunities. For the nervous,* there are ways to construct fund portfolios that smooth the market's ups and downs.

So far, at least, most fund investors are heeding the experts' advice not to sell.

While some fund executives reported slight outflows from stock funds last week, the wholesale dumping of stocks that immediately followed the October 1987 market collapse was noticeably absent.

The lesson of 1987 for most investors — to sit tight in times of panic — is especially valuable today.

The Lipper Growth Fund Index, a benchmark for funds similar to Standard & Poor's 500-stock index, has dropped close to 12 percent since mid-July.

Unless an investor needs the cash immediately, it does not make sense to bail out when prices are so low, analysts say.

"If you're holding a good stock fund, keep holding on," said Gerald W. Perritt, editor of the Chicago-based Mutual Fund Letter. "Prices will go up again."

For long-term investors, "looking too closely at the events of the past few weeks is a mistake," said John Markese, director of research for the American Association of Individual Investors in Chicago.

Investors who dump their fund shares in the wake of bad news often overlook the tax implications of their hasty action, Mr. Markese said.

And they also have to grapple with the problem of when to move their money back into the market.

Hanging on makes special sense for investors who have carefully crafted portfolios with 10-year horizons.

"What happens over the next few months isn't that critical to your overall return," said Don Phillips, vice president of Morningstar Inc., Chicago-based mutual fund consultants.

With prices down, should bargain hunters begin looking around for good deals?

Mr. Perritt, for one, doesn't see any buying opportunities yet. Hostilities in the Middle East pushed stock prices down, but other indicators, like a rising unemployment rate, also contributed to the decline, he noted.

He predicts that further weakening in the economy will push stock prices down another 15 percent to 30 percent and concludes: "It's premature to do any buying now."

Other investment advisers advocate selective buying. They caution against jumping in immediately, because the markets traditionally overreact to bad news.

As a result, they say, more sharp declines in the Dow Jones industrial average, like last Monday's 93-point fall, would not be surprising.

So these are good times for investors with strong stomachs who can handle the rough ride until events in the Middle East move forward *and the markets settle down.*

At the moment, everything seems to be going down but oil prices. So buying funds that focus there is one way to hedge your bets.

Mr. Markese, for one, likes the T. Rowe Price New Era Fund, a no-load fund that invests in companies that own or develop natural resources.

For his part, Mr. Phillips advises nimble investors to use the sharp market swings to "pick up extra shares when prices are down, and sell when prices get ahead of themselves."

On one thing, the pundits agree: the events of the past few weeks make a strong case for "dollar-cost averaging."

Investors using this method put *money into the market* on a regular basis, regardless of market levels.

Accumulating shares over time at various prices works to smooth the volatility of the marketplace.

Canada Lurches Toward Recession

Reuters

OTTAWA — Canada government announcements that unemployment climbed and housing starts tumbled in July provide more evidence that the country *is lurching* toward a recession after seven years of robust economic growth, economists said.

"There's a more than even chance of that happening now," said George Saba, an economist at Montreal Trust. "It will be a relatively mild recession."

The specter of President Saddam Hussein of Iraq also hangs over Canada's economy as his invasion of Kuwait and the subsequent jump in world oil prices threaten to fuel the country's inflation and dampen its growth.

Canada's unemployment rate, seasonally adjusted, rose to 7.8 percent in July from 7.5 percent in June, Statistics Canada reported Friday.

The federal agency said employment rose by 15,000 to 12.6 million in July, while the number of those unemployed jumped 46,000 to 1.07 million. Most of the increase in employment occurred in the major industrial heartland of Ontario.

Housing starts fell 11 percent in July to a seasonally adjusted annual rate of 173,000 units from 195,000 in June, Canada Housing-Mortgage Corp. said.

The agency forecast earlier this week that housing starts in 1990 will drop 19 percent to 174,000, the lowest level since 1984, from 215,382 units started in 1989.

The reports are merely the latest evidence that the seven years of economic growth in Canada are over.

Corporate profits are down by about 33 percent while bankruptcies are up by an equal amount.

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Prices drifted lower on the Amsterdam Stock Exchange last week, with the CBS all-share index closing at 188.00 points on Friday, down from 193.80 the previous week.

Sharply lower second-quarter results for Royal Dutch and Philips were in line with expectations and did not contribute to the slide.

Total turnover reached 10.4 billion guilders last week with 4.6 billion in equities, up from total volume of 8.8 billion guilders the previous week with 4.8 billion in equities.

The relatively good results reported by Unilever were not rewarded with a higher share price.

The Kempen & Co. brokerage described the short-term outlook amid the continuing Gulf crisis as uncertain and unpredictable.

Frankfurt

The Frankfurt stock market fell sharply last week, the DAX spot trend indicator ending at 1,749.34 points, down 91.60 on the week.

The DAX indicator hit a low for the year twice during the week. The Commerzbank index closed at 2,141.50 points, down 119.06 for the week.

Volume on the eight West German stock exchanges jumped to 44.18 billion Deutsche marks, against 30.71 billion DM the previous week.

The auto sector was hit particularly hard, as BMW shed 34.50 DM on the week to end at 512.50. Volkswagen fell 29.20 DM to 544, Mercedes lost 41 DM to 620, and Daimler-Benz dropped 66.50 DM to 768.

Hong Kong

Share prices fell sharply on the Hong Kong Stock Exchange last week, hit by uncertainty over the rising tension in the Gulf.

The Hang Seng Index ended the week down 277.98 points, or 8.3 percent, at 3,078.97. Average daily turnover rose from 1.76 billion Hong Kong dollars the previous week to 2.4 billion dollars.

The Hang Seng Index has lost more than 11 percent since Iraq invaded Kuwait on Aug. 2.

The market barometer suffered a huge drop of *248.97* points, or 7.4 percent on Monday, its biggest one-day fall since the crackdown on prodemocracy protests in China last year.

London

Iraq's invasion of Kuwait sent shares lower on the London stock exchange last week, but falls were limited by perceived good prospects for British shares once tension abates.

The Financial Times 100-share index shed 50.80 points to finish the week at 2,233.80, a loss of 2.2 percent. The narrower FT-30 index lost 50.40 points to 1,743.00.

Analysts said the resilience of the London market had something to do with the oil-exporting status of Britain, but more with positive midterm prospects once the pound becomes a full member of the European Monetary System and interest rates start to fall from their present 15 percent level.

Milan

The stock market fell sharply last week along with other share markets amid the ongoing tension in the Gulf.

The MIB index, which had lost 50 points the previous week, fell another 57 points, or 5.61 percent last week, to finish at 957.60. The COMIT index *fell* from 695.84 points to 657.54, a loss of 5.50 percent.

Turnover rose from 60 million shares the previous week to 80 million.

Most blue-chips suffered sharp losses with Fiat down a hefty 9.96 percent, Pirelli SpA falling 9.03 percent and Montedison losing 9.37 percent.

Paris

The Bourse managed to stave off panic last week amid the Gulf crisis, but still suffered another week of hefty losses.

The CAC-40 index closed at 1,779.83 Friday, the second consecutive weekly loss of 5 percent. The market has now lost 11 percent since the beginning of the year and is at its lowest level since July 1989.

The 240-share SBF index has lost 7.5 percent since the beginning of 1990.

Shares linked to energy prices lost between 15 and 25 percent, making them attractive to some buyers, analysts said.

Singapore

The Singapore market was depressed last week, with selling pressure felt from the opening day.

The Straits Times industrial index fell 167.4 points during the week to end at 1,343.66, while the Stock Exchange of Singapore all-Singapore index lost 15.58 points to 387.55.

On Monday, the Straits Times index plunged 96.03 points, to 1,415.02, its biggest one-day drop since October.

Tokyo

Tensions in the Middle East pushed the Nikkei Stock Average down to a 21-month low on the Tokyo Stock Exchange last week.

The benchmark Nikkei index of 225 stocks ended the week at 27,329.55 yen, down a massive 2,186.21 points, or 7.4 percent, its biggest weekly fall this year. Friday's close was the Nikkei's lowest level *since* Oct. 24, 1988.

The Tokyo Stock Price Index of all stocks listed on the exchange's first section tumbled 117.79 points to 2,056.88.

Since Iraq's invasion of Kuwait, the Nikkei has nosedived 11.4 percent.

Zurich

The slide on the Zurich stock market continued last week, with much of a 5 percent loss attributed to selling by Middle Eastern investors looking for liquidity.

The Swiss Performance Index closed at 1,091.60 points, down from 1,143.60 the previous week. The Crédit Suisse Index closed at 603.80, down from 638.30, while the SBS index *finished* at *619.20,* down from 649.60.

Volume remained weak, with foreign investors only making an appearance to sell.

BUSINESS BRIEFS

Swissair Posted Loss in First Half

ZURICH (Reuters) — Swissair had a net loss, after depreciation, in the first half of 99 million Swiss francs ($73.6 million), compared with a net profit of 54 million francs in the year-earlier period, according to a published report. In a recent letter to shareholders, Swissair attributed its first-half downturn to higher fuel prices and a sharp rise in labor costs.

In an interview published Sunday in the tabloid Blick, the airline president, Otto Löpfe, said Swissair expects to make a profit this year despite the first-half loss. But he did not say how high the profit might be. Last year Swissair earned a net profit of 94.7 million francs.

Chrysler Fined for Mail Fraud

ST. LOUIS, Missouri (Reuters) — Chrysler Corp. was ordered to pay $7.6 million in criminal fines for tampering with the odometers on tens of thousands of cars from 1949 to 1986 and for selling 30 wrecked and rebuilt cars to consumers who believed they were buying new ones.

The No. 3 U.S. carmaker had previously agreed to settle civil charges by paying $18.5 million to 37,000 customers whose Chrysler cars had been driven by company managers and then sold as new.

Chase Offers Early Retirement

NEW YORK (NYT) — Chase Manhattan Corp. has embarked on its previously announced cost-cutting program by offering employees with more than 10 years' experience a package of benefits for early retirement.

A spokesman said expenses of the voluntary separation program are expected to total $30 million in the quarter ending Oct. 30 and will reduce payroll costs by about $10 million beginning in the fourth quarter.

Earlier this summer Chase announced plans to cut expenses by $300 million annually, a program that analysts have estimated will entail a cut of more than 3,000 employees.

Italian Production Slumps 3.6%

ROME (AFP) — Italian industrial production in June recorded its worst figures this year, dropping 3.6 percent from the year earlier, official figures released Saturday showed.

The April and May indexes had already indicated a clear slowing in growth to 1 percent and 0.7 percent respectively.

The statement emphasized that the month of June this year counted only 21 working days while June 1989 had 22.

Brazil Steelworkers End Strike

RIO DE JANEIRO (AP) — Workers at Brazil's second-largest steel plant on Saturday ended a 31-day strike for higher pay, a union leader said.

Some 3,000 workers of the National Steel Company voted nearly unanimously Saturday morning to end the walkout and returned to their jobs at noon local time, said union spokesman Edmar Lima Pereira.

For the Record

Galeries Lafayette SA shares representing 10.3 percent of the department store's capital, were traded in a block late in the day Friday at 2,010 francs a share, dealers said.

A U.S. civil rights group *called for a national boycott of* Nike Inc. *on* Saturday, a move aimed at pressuring the sportswear company into hiring more minorities. The group, Operation People to Save Humanity, denied that the boycott was influenced by financial support the organization received from Reebok International Ltd., a Nike competitor. *(AP)*

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Britain

BOC Group

9 Months	1990	1989
Revenue	1,890.	1,810.
Pretax Net	257.90	237.70
Per Share	37.18	33.83

Smithkline

2nd Quar.	1990	1989
Revenue	1,210.	1,180.
Pretax Net	197.00	185.00
Per Share	9.20	9.18
1st Half	1990	1989
Pretax Net	414.00	420.00
Per Share	20.10	21.40

Ultramar

1st Half	1990	1989
Revenue	866.80	877.40
Pretax Net	16.10	62.50
Per Share	9.80	17.10

Canada

Canadian Pacific

2nd Quar.	1990	1989
Revenue	2,470.	2,440.
Profits	101.60	126.30
Per Share	0.32	0.43
1st Half	1990	1989
Revenue	5,260.	5,280.
Profits	177.80	270.40
Per Share	0.56	0.85

Moore

2nd Quar.	1990	1989
Revenue	673.80	649.40
Profits	4.40	46.30
Per Share	0.05	0.49
1st Half	1990	1989
Revenue	1,420.	1,320.
Profits	56.70	94.90
Per Share	0.60	1.01

Quarter net after provision for restructuring costs.

Netherlands

Philips

2nd Quar.	1990	1989
Revenue	13,540.	13,560.
Profits	37.00	235.00
Per Share	0.13	0.91
1st Half	1990	1989
Revenue	26,350.	26,200.
Profits	373.00	458.00
Per Share	1.34	1.77

Full name of company is NV Philips Gloeilampenfabrieken.

Spain

Tabacalera

1st Half	1990	1989
Revenue	347,820.	222,808.
Pretax Net	8,580.	7,320.

Sweden

SKF

1st Half	1990	1989
Revenue	14,710.	12,770.
Profits	1,340.	1,210.
Per Share	6.65	6.90

West Germany

Schering

1st Half	1990	1989
Profits	182.00	162.00

United States

Continental

2nd Quar.	1990	1989
Oper. Net	10.279	29.70
Oper. Share	0.19	0.55
1st Half	1990	1989
Oper. Net	24.30	49.70
Oper. Share	0.45	1.29

Share and net figures exclude capital gains and 'fresh start' tax effects.

Emerson Electric

3rd Quar.	1990	1989
Revenue	1,980.	1,780.
Net Inc.	160.50	153.80
Per Share	0.72	0.69
9 Months	1990	1989
Revenue	5,530.	5,310.
Net Inc.	458.60	438.40
Per Share	2.06	1.96

Harris

4th Quar.	1990	1989
Revenue	819.40	778.10
Oper. Net	39.50	34.80
Oper. Share	0.99	0.90
12 Months	1990	1989
Revenue	3,100.	2,250.
Oper. Net	130.70	116.20
Oper. Share	3.30	3.00

Results include GE and Lanier Worldwide purchases. 1989 nets exclude losses of $86.8 million in quarter and $94.8 million in 12 months.

Procter and Gamble

4th Quar.	1990	1989
Revenue	6,220.	5,430.
Net Inc.	284.00	171.00
Per Share	0.78	0.50
12 Months	1990	1989
Revenue	24,080.	21,400.
Net Inc.	1,600.	1,210.
Per Share	4.49	3.56

1989 quarter includes $78 million aftertax reserve.

Quaker Oats

4th Quar.	1990	1989
Revenue	1,410.	1,340.
Oper. Net	100.70	40.80
Oper. Share	1.31	0.52
12 Months	1990	1989
Revenue	5,830.	4,880.
Oper. Net	228.90	148.90
Oper. Share	2.93	1.88

Sara Lee

4th Quar.	1990	1989
Revenue	2,950.	3,060.
Net Inc.	118.40	102.70
Per Share	0.48	0.43
12 Months	1990	1989
Revenue	11,610.	11,720.
Net Inc.	470.30	410.50
Per Share	1.91	1.75

Thiokol

4th Quar.	1990	1989
Revenue	339.10	296.30
Net Inc.	12.20	10.70
Per Share	0.64	0.55
12 Months	1990	1989
Revenue	1,180.	1,170.
Net Inc.	41.40	17.70
Per Share	2.15	0.92

Fiscal year net for 1989 includes $18.9 million pretax reorganization charge.

Wal-Mart Stores

2nd Quar.	1990	1989
Revenue	7,400.	6,090.
Net Inc.	272.90	219.80
Per Share	0.24	0.19
1st Half	1990	1989
Revenue	14,420.	11,490.
Net Inc.	526.40	417.30
Per Share	0.46	0.37

Woolworth

2nd Quar.	1990	1989
Revenue	2,190.	1,980.
Net Inc.	50.80	48.00
Per Share	0.39	0.37
1st Half	1990	1989
Revenue	4,260.	3,860.
Net Inc.	88.00	84.00
Per Share	0.68	0.65

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, August 10.

(Continued)

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, August 10.

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, August 10.

MONDAY SPORTS

New World Football League Is Already Eyeing Expansion

By Rick Smith
International Herald Tribune

BERLIN — The World League of American Football, which now has all its teams in Europe lined up for its first season next spring, is already casting an eye toward the Far East and expansion on the Continent.

It has reason to be hopeful, judging from the reaction to the exhibition game played by two of its foster parents, the Los Angeles Rams and the Kansas City Chiefs, in the National Football League's first foray onto the Continent.

The Rams won, 19-3, in a typically sloppy opening exhibition game dominated by interceptions, dropped passes and 14 penalties — but which brought rave reviews from Sunday's newspapers and cheers from the near capacity crowd Saturday night at Olympic Stadium.

The WLAF said it has now placed teams in Milan and London, to go with those already announced for Frankfurt and Barcelona in Europe, and for Orlando, Florida; Birmingham, Alabama; San Antonio, Texas; Sacramento, California, and New York, plus Montreal and Mexico City.

Joe Bailey, chief operating officer of the new league said before Saturday's game that the WLAF expects to complete its roster of 12 teams by naming one more U.S. city as home to a franchise by the end of the month.

"After we see how well these teams do, the ideal next step for expansion would be the Far East," he said, citing Japan, South Korea and Australia.

In addition, he said, such other European cities as Paris, Rome, Dublin, Amsterdam and Moscow may be able to support a franchise.

"Moscow is especially intriguing," he said. "There are already 24 club teams playing American football in the Soviet Union."

For Saturday's NFL exhibition, 55,4239 showed up at a stadium seating 63,000. An estimated 30,000 came in the afternoon to picnic and watch German teams practicing on a field adjoining the stadium. It was an enthusiastic crowd, exulting in human waves and cheering the Rams' cheerleaders.

"There was a great mood in the large stadium," the newspaper Volksblatt said Sunday of the place where Jesse Owens won four gold medals in the 1936 Olympics, spoiling Adolf Hitler's theory of Aryan supremacy.

Bailey said the WLAF teams' 10-game season would begin March 23 and last through June, normally a slow season for televised sports events and a time when networks are looking for material.

The WLAF, the first league to span two continents, is hoping that American football will export well enough to gain a foothold with stadium and television audiences outside of the U.S., Bailey said.

"The birth of our league is coinciding with the wave of privatization in European television and American football, unlike soccer, is an ideal television sport," he said.

But if the WLAF is seeking an international audience, most of its players and all of its coaches, at least at the start, will come from the United States.

"There are over 65,000 people playing American football in Europe in various kinds of clubs," Bailey said, "but only about a dozen will probably be able to play at the level we need.

"But, we have a program to recruit good foreign players and, if we have a tip about a great player in New Zealand or Argentina, we will go to see him."

Although the league is scouting for foreign talent, 90 to 95 percent of its players will come from the United States, Bailey said, with most coming from the large pool of U.S. collegians who fail to make the NFL.

"There are over 8,000 college seniors playing football every year but only 200 to 225 make the NFL and, after about three years, only about 75 are still there," Bailey said.

He said this left a "tremendous" amount of talent for the WLAF to tap when it selects its pool of 800 players.

The league will sign those players and the 12 teams will then draft their players from the pool, so that the teams will be as even as possible, Bailey said.

He the owners of the WLAF's franchises will be named over the next two months, and that they should be turning a profit during the first season.

The teams, he said, will get their income primarily from gate receipts and local sponsorships, while the league will earn roughly 70 percent of its income from television contracts. Player salaries, which account for more than two-thirds of an NFL team's overall costs, will be paid by the league.

Base salaries, however, will only be $25,000 to $30,000, Bailey said, as opposed to average NFL salaries ranging 10 times that amount.

He said that television had played such a key role in financing the league that the choice of cities for franchises had depended to a considerable degree on the interest of local television networks.

As part of the initial financing, 26 of the 28 NFL teams have invested $50,000 in the new league, but otherwise have no connection with it, Bailey said.

"In a way, we may help them by being missionaries for American football outside of the U.S. and that interest may benefit them someday," he said.

■ Rams Win Easily

Gaston Green rushed for 115 yards and Alfred Jackson scored on an interception as the Rams won easily, The Associated Press reported.

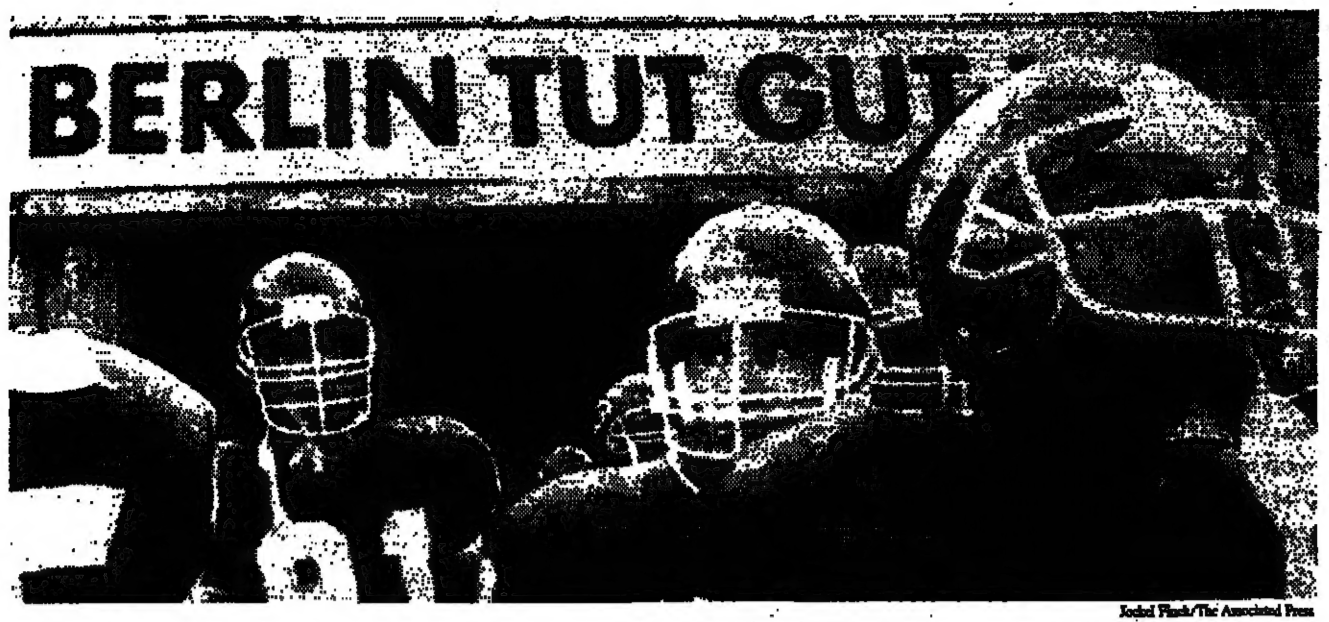
Jackson, who had two interceptions, returned a Steve Pelluer pass 31 yards for a touchdown in the closing minute. Green, who played sparingly his first two seasons, carried 21 times.

The Chiefs started second-year quarterback Mike Elkins, who threw two interceptions and was sacked three times as the Chiefs netted only 49 yards in the first half.

"The people were just cheering for everybody. They really weren't sure of what was happening," said the Chiefs' star running back, Christian Okoye, who played only two series.

But Okoye, a native of Nigeria who led the NFL in rushing last season, said it was exciting to playing in Berlin.

"It was something different to play football out of America," Okoye said. "It was even a first for me, and I was not born in America."



Jockel Finck/The Associated Press

The NFL's Chiefs, about to be thrashed by the Rams, entered Olympic Stadium under a sign that read: "Berlin is good for us."

Schroeder, Raiders Make 49ers Sweat

Compiled by Our Staff From Dispatches

SAN FRANCISCO — The San Francisco 49ers, who won the last two Super Bowls and are favored to repeat as National Football League champions this season, started slowly and never caught the Los Angeles Raiders in an exhibition game.

The 49ers lost, 23-13, on Saturday after falling behind by 20-0 in the first half. It was the first full weekend of exhibition play.

On the first play, things looked good for San Francisco, with Joe Montana throwing for 38 yards over the middle to Jerry Rice. But the Raiders' defense forced a punt and quarterback Jay Schroeder got Los Angeles going.

Schroeder, who started nine games for the Raiders last season before being benched in favor of Steve Beuerlein, is attempting to regain his job while Beuerlein sits out in a contract dispute. Schroeder completed five of 11 passes for 58 yards, including a 31-yard touchdown pass to Sam Graddy. Schroeder also ran for a touchdown.

The 49ers' quarterback, Joe Montana, who threw for five touchdowns in January's Super Bowl victory over Denver, never came close to one in his one quarter of action against the Raiders. He finished with four completions in eight passes for 64 yards before yielding to Steve Young.

■ George Debuts

Jeff George's NFL debut was far from a success, The Associated Press reported in Indianapolis. George, an Illinois quarterback whom the Colts made the top pick in the draft, was sacked three times for 37 yards, completed 8 of 16 passes for 82 yards and threw two interceptions as Denver beat Indianapolis, 16-7.

■ Hello, NFL

In Chapel Hill, North Carolina, Gilbert Renfroe threw three scoring passes in the last 13 minutes, leading Atlanta past Washington, 31-27, The Associated Press reported.

Renfroe, a free agent, second-year quarterback who bypassed the NFL and went to the Ottawa Roughriders of the Canadian Football League in 1986, rallied the Falcons from a 20-10 deficit at the start of the fourth quarter. He completed 10 of 15 passes for 144 yards, including a stretch of seven in a row.

The Falcons were wearing black jerseys for the first time in 20 years, a result of Jerry Glanville taking over as head coach. When he coached the Houston Oilers, Glanville consistently dressed in black.

■ Rookies Solid

Bruce Coslet, the head coach, called the plays and Troy Taylor did the throwing and both rookies proved instrumental for the New York Jets, United Press International reported from New York.

Taylor, a fourth-round draft pick from California, threw a two-yard touchdown pass to Mickey Shuler to lead the Jets to a 17-6 victory over the Philadelphia Eagles.

Taylor completed five of five passes for 46 yards in the game.

Coslet, hired by the Jets in the offseason, was an assistant coach with the Cincinnati Bengals for 10 seasons. He scripted the first 10 plays of the game, a practice he learned from Bill Walsh, former 49ers coach. *(AP, UPI)*

SCOREBOARD

SOCCER

FRENCH FIRST DIVISION

Auxerre 2, St Etienne 0
Caen 2, Sochaux 0
Lille 3, Toulouse 0
Lyon 2, Olympique Marseille 2
Metz 1, Bordeaux 0
Nantes 3, Monaco 1
Rennes 1, Nancy 0
Toulon 1, Brest 2
Montpellier 4, Paris St. Germain 0
Nice 0, Cannes 0

Standings: Marseille, 7 points; Monaco and Rennes, 6; Auxerre, Lille, Caen, Nantes and Brest, 5; Montpellier, Paris S.G., Lyon, Metz and Toulouse, 4; Cannes, Sochaux and St-Etienne, 3; Nice, Toulon and Bordeaux, 2; Nancy, 1.

WEST GERMAN FIRST DIVISION

Bayern Munich 1, Bayer Leverkusen 1
Eintracht Frankfurt 3, Karlsruhe 0
Hamburg 1, Kaiserslautern 3
FC Cologne 1, Duesseldorf 1
Borussia Moenchengladbach 1, Bochum 2
Wattenscheid 2, Werder Bremen 0
Nuremberg 1, Bayer Uerdingen 1

Standings: Eintracht Frankfurt, VFB Stuttgart, FC Kaiserslautern, Wattenscheid 09, St Pauli Hamburg, and VfL Bochum, 2 points; Bayern Munich, FC Nuremberg, Bayer Uerdingen, FC Cologne, Fortuna Duesseldorf, and Bayer Leverkusen, 1; Hertha BSC Berlin, Borussia Moenchengladbach, SV Hamburg, Werder Bremen, SC Karlsruhe and Borussia Dortmund, 0.

TENNIS

MEN
Czechoslovakian Open
Singles Semifinals

Nicklas Kulti, Sweden, def. Horacio de la Pena, Argentina, 6-3, 1-0 (withdrew); Jordi Arrese (8), Spain, def. Goran Prpic, Yugoslavia, 7-5, 6-4

Final

Arrese def. Kulti, 7-6 (7-3), 7-6 (8-6).

ATP Championship
Mason, Ohio
Singles Semifinals

Stefan Edberg (1), Sweden, def. Andres Gomez (3), Ecuador, 7-5, 6-3; Brad Gilbert (4), U.S., def. Scott Davis, U.S., 6-3, 6-4.

WOMEN
San Diego
Singles Semifinals

Steffi Graf (1), West Germany, def. Zina Garrison (3), U.S., 6-4, 7-5; Manuela Maleeva-Fragniere (4), Bulgaria, def. Barbara Paulus (6), Austria, 6-0, 4-6, 6-1.

Albuquerque, New Mexico
Singles Semifinals

Laura Gildemeister (2), Peru, def. Susan Sloane (6), U.S., 6-2, 6-2; Jana Novotna (1), Czechoslovakia, def. Anne Smith (3), U.S., 6-4, 6-7 (5-7), 7-5.

BASEBALL

Through Saturday's Games
AMERICAN LEAGUE
East Division

	W	L	Pct.	GB
Boston	60	51	.541	—
Toronto	60	54	.526	1½
Baltimore	54	57	.486	6
Cleveland	53	60	.469	8
Detroit	53	62	.461	9
Milwaukee	48	64	.429	12½
New York	46	66	.411	14½

West Division

	W	L	Pct.	GB
Oakland	72	42	.632	—
Chicago	66	45	.595	4½
Texas	59	55	.518	13
Seattle	58	55	.513	13½
California	54	59	.478	17½
Kansas City	54	59	.478	17½
Minnesota	53	61	.465	19

NATIONAL LEAGUE
East Division

	W	L	Pct.	GB
New York	64	46	.582	—
Pittsburgh	64	47	.577	½
Montreal	59	54	.522	6½
Chicago	54	59	.478	11½
Philadelphia	52	59	.468	12½
St. Louis	53	61	.465	13

West Division

	W	L	Pct.	GB
Cincinnati	64	47	.577	—
San Francisco	60	52	.532	4½
Los Angeles	57	54	.514	7
San Diego	53	59	.473	11½
Houston	49	64	.434	16
Atlanta	42	69	.378	22

Friday's Line Scores

AMERICAN LEAGUE

Milwaukee 000 000 320—5 9 1
Kansas City 210 100 02x—6 10 1

(First game)

Krueger, Veres (3), Lee (6), Edens (8) and Pleasac (8) and Surhoff; McGaffigan, M.Stottlemyre (7), Montgomery (8) and Macfarlane. W—Montgomery, 5-2. L—Plesac, 2-5.

Milwaukee 000 040 000—4 5 0
Kansas City 030 301 11x—9 16 2

(Second game)

Powell, Edens (4), Mirabella (6), Crim (6), Plesac (8) and Surhoff; S. Davis, Crawford (6) and Boone. W—S. Davis, 6-7. L—Powell, 0-4. Sv—Crawford (1). HR—Kansas City, Pecota (2).

Minnesota 010 000 600—7 12 0
Toronto 200 010 000—3 6 1

West and Harper; Cerutti, Wills (7), Henke (9) and Borders. W—West, 6-7. L—Cerutti, 8-8. HRs—Minnesota, Mack (6), Gaetti (13).

Detroit 000 000 002—2 7 0
Cleveland 000 300 00x—3 6 1

Searcy, C.Parker (4), Henneman (7) and Salas; M.Walker, D.Jones (9) and Skinner. W—M.Walker, 1-3. L—Searcy, 1-4. Sv—D.Jones (30). HR—Cleveland, Webster (8).

Texas 010 000 001—2 10 2
Chicago 102 020 00x—5 8 0

(First game)

McMurtry, Mielke (5) and Petralli; McDowell, B.Jones (8), Thigpen (9) and Fisk. W—McDowell, 8-6. L—McMurtry, 0-2. Sv—Thigpen (37). HR—Chicago, Pasqua (12).

Texas 000 001 000—1 4 0
Chicago 040 100 00x—5 6 0

(Second game)

Ryan, Jo.Barfield (6), Rogers (8) and Stanley; Edwards, Pall (6), Radinsky (8) and Karkovice. W—Edwards, 1-2. L—Ryan, 11-4. Sv—Radinsky (4). HRs—Chicago, Grebeck (1), Guillen (1).

New York 000 000 000—0 3 0
Oakland 000 120 00x—3 8 0

LaPoint, Plunk (5), J.D.Robinson (6) and Dorsett, Geren (8); Stewart, Honeycutt (9) and Steinbach. W—Stewart, 16-8. L—LaPoint, 6-8. Sv—Honeycutt (5).

Boston 000 010 000—1 5 1
Seattle 130 000 00x—4 10 0

Klecker, Hesketh (7), Gray (7) and Pena; R.Johnson, Schooler (9) and Valle. W—R.Johnson, 10-6. L—Klecker, 4-5. Sv—Schooler (29).

Baltimore 000 001 000 0—1 6 1
California 001 000 000 1—2 7 0

(10 innings)

Harnisch, Ballard (8), Olson (8), Schilling (10) and Melvin; Blyleven, Fraser (7) and Parrish. W—Fraser, 4-2. Olson, 5-4. HR—California, Venable (4).

NATIONAL LEAGUE

San Francisco 000 000 000—0 3 0
Cincinnati 211 001 02x—7 12 1

Robinson, Oliveras (3), Downs (6), Bedrosian (8) and Carter; Charlton and J.Reed. W—Charlton, 9-6. L—Robinson, 8-3. HRs—Cincinnati, O'Neill 2 (14). E. Davis (15).

Chicago 000 000 010—1 3 1
New York 030 010 10x—5 8 0

G.Maddux, Assenmacher (7) and Villanueva; Fernandez and Sasser. W—Fernandez, 8-8. L—G. Maddux, 9-10. HRs—Salazar (10).

Philadelphia 000 001 001—2 7 0
Montreal 111 001 00x—4 8 0

Mulholland, McDowell (7) and Daulton; Boyd, Ruskin (7), Burke (8) and Frey (9) and Fitzgerald. W—Boyd, 7-4. L—Mulholland, 6-6. Sv—Frey (5). HR—Philadelphia, Daulton (9).

Los Angeles 000 001 010—2 10 2
Atlanta 001 000 20x—3 6 0

Morgan, Crews (7), Searage (7) and Dempsey; Avery, Mercker (8) and Olson, Whitt (8). W—Avery, 2-6. L—Morgan, 9-11. Sv—Mercker (2).

San Diego 200 000 000—2 3 0
Houston 000 000 000—0 7 1

Whitson, Lefferts (9) and Santiago; Deshaies, Schatzeder (8) and Biggio. W—Whitson, 9-7. L—Deshaies, 5-10. Sv—Lefferts (17).

St.Louis 002 111 102—8 15 0
Pittsburgh 000 030 000—3 3 0

Tudor, Terry (3), Dayley (6) and Zeile; Kramer, Kipper (5), Ross (7), Z.Smith (9) and LaValliere. W—Dayley, 3-2. L—Kramer, 0-1. HRs—St. Louis, Coleman (6). Pittsburgh, Bonds (22).

Saturday's Line Scores

AMERICAN LEAGUE

Minnesota 000 004 000—4 6 0
Toronto 201 000 22x—7 10 1

R. Smith, Leach (6), Savage (8), Berenguer (8) and Ortiz; Stieb, Henke (8) and Myers, Borders (9). W—Stieb, 15-4. L—Leach, 2-4. Sv—Henke (24). HRs—Minnesota, Hrbek (17) Toronto, Gruber (23).

New York 000 000 001—1 7 0
Oakland 000 114 40x—10 14 0

Hawkins, Cadaret (6), Jones (7) and Cerone; C.Young, Nelson (6) and Quirk. W—C. Young, 7-4. L—Hawkins, 3-10. Sv—Nelson (5). HR—New York, Maas (13).

Texas 240 100 000—7 8 0
Chicago 001 300 200—6 12 1

Hough, Barfield (7), Arnsberg (7), Rogers (9) and Petralli, Stanley (8); M.Perez, Patterson (8), Peterson (9) and Karkovice, Fisk (9). W—Hough, 10-7. L—M.Perez, 10-10. Sv—Rogers (12).

Detroit 200 000 002—4 11 1
Cleveland 041 000 35x—13 17 1

Petry, Tanana (7), C.Parker (8) and Heath; Swindell, C.Ward (7) and Alomar, Skinner (9). W—Swindell, 8-7. L—Petry, 9-8. Sv—C.Ward (1). HRs—Cleveland, C.James (8), Maldonado (17), Webster (9).

Milwaukee 400 400 021—11 15 1
Kansas City 130 010 000—5 8 3

R.Robinson and C.O'Brien; Filson, M.Stottlemyre (4), Farr (7), Encarnacion (9) and Macfarlane. W—R.Robinson, 6-3. L—Filson, 0-4. HR—Milwaukee, Deer (20).

Baltimore 001 000 003—4 9 1
California 011 720 01x—12 15 0

Weston, Price (4), Williamson (7) and Melvin; C.Finley, Fetters (8) and Parrish. W—C.Finley, 15-5. L—Weston, 0-1. HRs—Baltimore, C.Ripken (14). California, Downing (10), C.Davis (11), Parrish (19).

Boston 000 000 100 010 02—4 14 0
Seattle 000 001 000 010 00—2 11 0

(14 innings)

Boddicker, Murphy (10), Gray (12), Irvine (13) and Pena; Swift, Jackson (8), Comstock (9), Ge.Harris (9), Schooler (12) and Valle, Bradley (12). W—Irvine, 1-0. L—Schooler, 1-4. HRs—Boston, Greenwell (7), Evans (11).

NATIONAL LEAGUE

St. Louis 000 011 001—3 6 0
Pittsburgh 000 000 002—2 7 2

Magrane, LeSmith (9) and Zeile; Tomlin, Belinda (8), Landrum (9) and LaValliere. W—Magrane, 8-12. L—Tomlin, 1-1. Sv—Le.Smith (21). HR—Pittsburgh, Bonds (23).

San Francisco 200 001 001—4 8 0
Cincinnati 010 010 000—2 7 0

Burkett, LaCoss (6), Brantley (8) and Carter; Rijo, Dibble (8), Myers (9) and J.Reed. W—Burkett, 11-4. L—Rijo, 8-6. Sv—Brantley (17). HRs—San Francisco, Clark (15). Cincinnati, Morris (5).

Los Angeles 102 100 000 2—6 7 0
Atlanta 200 020 000 0—4 5 0

Belcher, Crews (7), J.Howell (9), Gott (10) and Scioscia; Grant, Castillo (5), Parrett (8), Clary (10) and Whitt. W—J.Howell, 4-5. L—Clary, 1-10. Sv—Gott (1). HRs—Los Angeles, Gibson (8), Daniels (17). Atlanta, Justice (14).

Chicago 140 100 000—6 11 0
New York 100 200 000—3 6 1

Bielecki, S.Wilson (1), Assenmacher (8) and Villanueva; Darling, Whitehurst (2), Machado (5), Ojeda (8) and Sasser. W—S.Wilson, 4-7. L—Darling, 4-7. Sv—Assenmacher (4). HR—Chicago, Dunston (14).

San Diego 002 001 000 3—6 12 0
Houston 000 030 000 0—3 6 1

(10 innings)

Schiraldi, Rodriguez (5), G.Harris (7), Show (9), Lefferts (10) and Santiago; Darwin, Andersen (8), Da.Smith (10) and Biggio. W—Show, 4-8. L—Da.Smith, 2-4. Sv—Lefferts (18).

Philadelphia 201 001 000 000—4 9 2
Montreal 000 000 040 001—5 12 3

(12 innings)

Grimsley, Cook (8), Boever (8), Carman (11), Akerfelds (12) and Daulton; Gardner, Rojas (6), Mohorcic (7), Frey (9), Sampen (11) and Goff. W—Sampen, 9-4. L—Carman, 5-2. HR—Philadelphia, V.Hayes (14).

Japanese Leagues

Central League

	W	L	T	Pct	GB
Yomiuri	61	33	0	.649	—
Hiroshima	44	44	1	.500	14
Taiyo	44	45	2	.494	14½
Chunichi	44	46	1	.489	15
Yakult	41	49	0	.456	18
Hanshin	39	56	0	.411	22½

Pacific League

	W	L	T	Pct	GB
Seibu	56	27	4	.675	—
Orix	49	37	3	.570	8½
Kintetsu	47	42	1	.528	12
Nippon Ham	45	42	1	.517	13
Lotte	31	49	2	.388	23½
Daiei	27	58	3	.318	30

Saturday's Results

Yomiuri 6, Chunichi 5
Yakult 4, Taiyo 1
Hiroshima 10, Hanshin 2
Seibu 7, Nippon Ham 3
Orix 6, Daiei 2
Kintetsu 4, Lotte 3

World Championship

In Edmonton, Alberta
Medal Round

	W	L	Pct.	GB
Cuba	1	0	1.000	—
Nicaragua	1	0	1.000	—
Japan	0	0	0.00	—
South Korea	0	0	0.000	—
Puerto Rico	0	0	0.000	—
United States	0	0	0.000	—
Taiwan	0	1	.500	1
Canada	0	1	.500	1

Consolation Round

Italy	1	0	1.000	—
Venezuela	1	0	1.000	—
Mexico	0	1	.500	1
Netherlands	0	1	.500	1

Saturday's Results

Cuba 14, Taiwan 3
Nicaragua 5, Canada 3
Italy 9, Mexico 8
Venezuela 10, Netherlands 9

BASKETBALL

World Championship

In Argentina
Pool A

	W	L	Pts
x-Puerto Rico	3	0	6
x-Yugoslavia	2	1	4
Venezuela	1	2	2
Angola	0	3	0

Pool B

x-Australia	2	1	4
x-Brazil	2	1	4
Italy	2	1	4
China	0	3	0

Pool C

x-United States	3	0	6
x-Greece	2	1	4
Spain	1	2	2
South Korea	0	3	0

Pool D

x-Soviet Union	3	0	6
x-Argentina	2	1	4
Canada	1	2	2
Egypt	0	3	0

x-advances to quarterfinals
First Round, Round Robin

FRIDAY'S RESULTS

Venezuela 83, Angola 77
Puerto Rico 82, Yugoslavia 75
Italy 115, China 76
Australia 69, Brazil 68
Greece 119, South Korea 76
United States 95, Spain 85
Argentina 82, Egypt 65
Soviet Union 90, Canada 81

FOOTBALL

SATURDAY'S NFL EXHIBITION RESULTS

Los Angeles Rams 19, Kansas City 3
Atlanta 31, Washington 27
Chicago 10, Miami 6
Cleveland 25, Green Bay 10
Tampa Bay 38, Cincinnati 17
New York Jets 17, Philadelphia 6
New Orleans 13, Minnesota 10
Denver 16, Indianapolis 7
Los Angeles Raiders 23, San Francisco 13
San Diego 28, Dallas 16
Seattle 34, Phoenix 9

AUTO RACING

Hungarian Grand Prix

Results Sunday of the 77-lap (305.536-km) race:

1. Thierry Boutsen, Belgium, Williams, one hour 49 minutes 30.597 seconds; 2. Ayrton Senna, Brazil, McLaren 1:49:30.885; 3. Nelson Piquet, Brazil, Benetton 1:49:58.498; 4. Riccardo Patrese, Italy, Williams 1:50:02.430; 5. Derek Warwick, Britain, Lotus 1:50:44.841; 6. Eric Bernard, France, Larrousse Lola 1:50:54.985; 7. Martin Donnelly, Britain, Lotus, one lap; 8. Mauricio Gugelmin, Brazil, Leyton House, one lap; 9. Alex Caffi, Italy, Footwork Arrows, one lap; 10. Emanuele Pirro, Italy, Dallara, one lap

Overall Standings (after 10 races):

1. Ayrton Senna, Brazil, 54 points; 2. Alain Prost, France, 44; 3. Gerhard Berger, Austria, 29; 4. Thierry Boutsen, Belgium, 27; 5. Nelson Piquet, Brazil, 22; 6. Riccardo Patrese, Italy, 15; 7. Jean Alesi, France, Nigel Mansell, Britain and Alessandro Nannini, Italy, 13; 10. Ivan Capelli, Italy, 4.

TRANSACTIONS

BASEBALL
American League

N.Y. YANKEES—Activated Rick Cerone, catcher, from 21-day disabled list. Optioned Brian Dorsett, catcher, to Columbus, International League.

CYCLING

Results in Saturday's San Sebastian (Spain) International Classic, a 152.7-mile (248-km) race:

1. Miguel Indurain, Spain, 6 minutes, 19:59 seconds; 2. Laurent Jalabert, France, 6:22:33; 3. Sean Kelly, Ireland; 4. Tony Rominger, Switzerland, same time; 5. Federico Echave, Spain, 6:22:38; 6. Steve Bauer, Canada; 7. Enrique Aja, Spain; 8. Jesus Rodriguez Magro, Spain; 9. Pascal Richard, Switzerland; 10. Marino Lejarreta, Spain, same time.

World Cup leaders after seven races

1. Gianni Bugno, Italy, 86 points; 2. Rudy Dhaenens, Belgium, 80; 3. Moreno Argentin, Italy, 62; 4. Kelly 42; 5. John Talen, Netherlands, 39; 6. Adri Van der Poel, Netherlands and Luc Roosen, Belgium, 38; 8. Bauer, 37, Jean-Claude Leclercq, France and Claudio Chiappucci, Italy, 37.

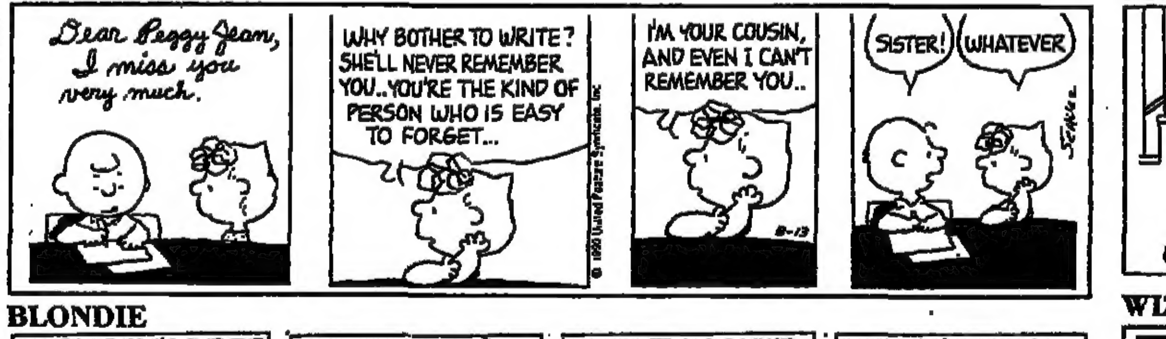
CRICKET

England vs. India
Test 1, Day 2, Friday
1st innings: India 77-3
Test 2, Day 3, Saturday
1st innings: India 432 (all out)

DENNIS THE MENACE

"I'M TOO YOUNG TO DO ANYTHING. WHAT'S YOUR EXCUSE?"

PEANUTS


Dear Peggy Jean, I miss you very much.
WHY BOTHER TO WRITE? SHE'LL NEVER REMEMBER YOU.. YOU'RE THE KIND OF PERSON WHO IS EASY TO FORGET...
I'M YOUR COUSIN, AND EVEN I CAN'T REMEMBER YOU..
SISTER!
WHATEVER
8-13

BLONDIE

HONEY, WE CAN'T FIND THE PING-PONG PADDLES... WHERE COULD THEY BE ?
I HAVEN'T SEEN THE PADDLES IN OVER A YEAR... WHY DO YOU WANT THEM ?
ALEXANDER AND I WANT TO PLAY SOME PING-PONG
IF WE CAN'T FIND THE PADDLES, WE'LL PROBABLY NEVER FIND THE TABLE
8-13

JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

NEFTO
TUSEG
ENFRYZ
LAFTUR

WHAT THE TAXIDERMIST WAS BY NATURE.

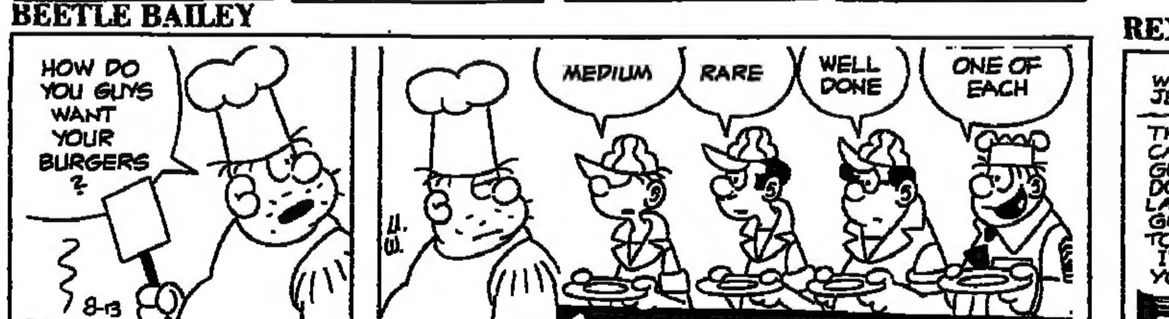
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Saturday's Jumbles: PURGE DUCHY BODILY LATEST
Answer: How did the heavy dinner fit into that car?— "TIGHTLY"

BEETLE BAILEY



DOONESBURY

COULD I HAVE EVERYONE'S ATTENTION, PLEASE? I HAVE AN ANNOUNCEMENT TO MAKE TO THE WHOLE STAFF...
AS YOU KNOW, THE COUNTRY IS NOW ENDURING A COMPLETE BREAKDOWN OF CONFIDENCE IN OUR LENDING INSTITUTIONS. AS A MEMBER OF THE BANKING COMMITTEE, I HAVE HAD A FRONT ROW SEAT THROUGHOUT THE CRISIS...
I DON'T BELIEVE IT... SHE'S GOING TO DO IT!
SHE'S READY! SHE'S MAKING HER MOVE!
MY VOTES ARE A MATTER OF PUBLIC RECORD...
HOT DAMN!
SHE'S RUNNING FOR PRESIDENT!
DAVENPORT IN '92!
WHITE HOUSE, HERE WE COME!
THEREFORE, I HAVE DECIDED TO RESIGN.

TO OUR READERS IN HOLLAND
The International Herald Tribune is now on newsstands throughout Holland every morning six days a week Monday-Saturday. If you have problems getting your copy, please contact Edipress International BV
P.O. Box 554, NL 2130 AN Hoofddorp
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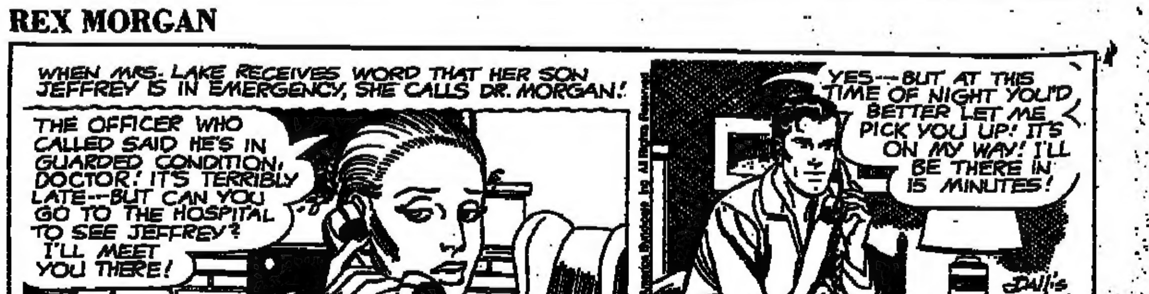
ANDY CAPP

WHAT'S THE MATTER, PET? YOU LOOK A BIT GROGGY
I FELL OFF THE STEP-LADDER AND HIT MY HEAD ON THE TABLE — YOU'RE NEVER HERE WHEN I NEED YOU-!
COME OFF IT, FLO. I STAYED IN A COUPLE O' NIGHTS LAST MONTH AND NOT A THING HAPPENED
SORRY, MY FAULT — BAD TIMING

WIZARD of ID

BLAH BLAH BLAH BLAH BLAH BLAH BLAH BLAH BLAH BLAH BLAH BLAH BLAH BLAH BLAH BLAH BLAH...
WHY DOESN'T HE PUT SOME BENCHES DOWN HERE?
...AND DO AWAY WITH THE STANDING OVATIONS?
8-13
PARKER

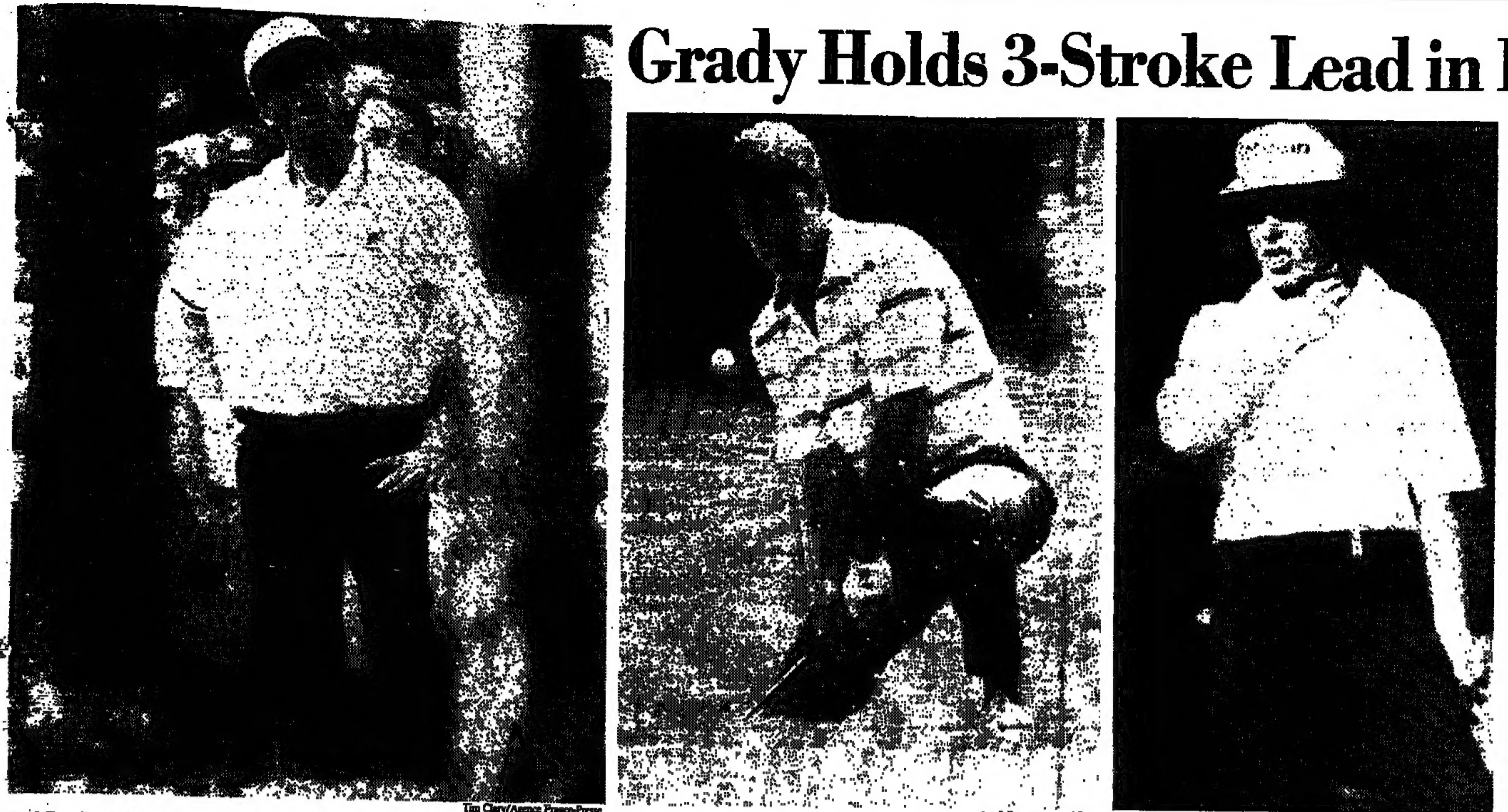
REX MORGAN


WHEN MRS. LAKE RECEIVES WORD THAT HER SON JEFFREY IS IN EMERGENCY, SHE CALLS DR. MORGAN!
THE OFFICER WHO CALLED SAID HE'S IN GUARDED CONDITION, DOCTOR! IT'S TERRIBLY LATE--BUT CAN YOU GO TO THE HOSPITAL TO SEE JEFFREY? I'LL MEET YOU THERE!
YES--BUT AT THIS TIME OF NIGHT YOU'D BETTER LET ME PICK YOU UP! IT'S ON MY WAY! I'LL BE THERE IN 15 MINUTES!
8-13

GARFIELD

YOU'RE WORTHLESS, GARFIELD
NOTHING WILL EVER BECOME OF YOU LYING THERE LIKE THAT
HEY! HEY! MICHELANGELO PAINTED THE SISTINE CHAPEL LIKE THIS, FELLA!
JIM DAVIS 8-13

Grady Holds 3-Stroke Lead in Final Round



Tim Clary/Agence France-Presse · Jay Sailors/Associated Press · Agence France-Presse

Fred Couples, left, was between a hardwood and a hard place Saturday, although he entered the PGA's final round only two shots behind Wayne Grady, right. An 80 ended the hopes of Nick Faldo, center.

The Associated Press

BIRMINGHAM, Alabama — Wayne Grady clung to a three-stroke lead after 15 holes of the final round of the 72d PGA Championship on Sunday.

Grady was six under par for the tournament with three holes left to play.

His closest pursuers, Gil Morgan and Fred Couples, bogeyed the 16th hole. That left Couples at 3 under and Morgan at 2 under, with two holes to play.

Grady, an Australian who now lives in Orlando, Florida, played the front side at Shoal Creek in 1-under-par 35 on Sunday and reached the turn with a 63-hole total of 246, six under par.

Grady, who made putts of about 55 feet (16.5 meters) and 35 feet on the first and fourth holes, was two in front until he drove into the rough on the ninth. He had to play back to the fairway and made bogey.

That enabled Couples to make a move in the last of the season's major golf championships.

Couples was out in 34 and had a 247 total at the turn.

Morgan chipped in for a first-hole birdie and dropped a 20-footer on the seventh as key shots in a front side of 34. Morgan was at 248 at the turn.

Payne Stewart, with a 38 on the front nine, was at four over after 15 holes after struggling early on the back nine.

Among the early finishers in contention, Bill Britton was at 289, one over for the tournament, after a final round of 71.

Nick Faldo bounced back from an 80 on Saturday to shoot 69 for a 72-hole score of 7-over 295.

■ Par Is Enough

Earlier, Sally Jenkins of The Washington Post reported:

Grady's meager even-par round Saturday turned out to be a significant score in the PGA Championship. While Faldo muddied himself in a creek bottom and Greg Norman's chances were drowned in the ponds, Grady took a two-stroke lead after a misadventure of a third round at Shoal Creek.

Some of the events were laughable, some appalling, but very few were laudable on the grudging par-72 course. Its by monstrous rough reduced the field to trembling uncertainty, and as the biggest names in golf came apart Australia's Grady strained for every stroke with three birdies to three bogeys for a 54-hole total of 5-under 211.

He was trailed at 213 by Stewart, the defending champion who shot 70, and Couples, in at 73.

"The golf course has done that," said Grady, who led by one shot starting the round. "It's eliminated a lot of guys from winning the tournament."

There is a long sameness to 7,145-yard (6,500-meter) Shoal Creek. With the course lacking any distinguishing features, tournament officials let the grass bordering the fairways grow long, let the greens harden to a wooden finish, and the result has been a frenzy of disaster.

Faldo of Britain carded an 80 scarred by a double and triple bogey for 226. Norman twice struck iron shots into lagoons for consecutive double bogeys and a 76-222. Larry Mize was tied for second with Stewart and Couples as he approached the par-4 18th, but took a triple bogey by hooking his second shot into a greenside pond. His 76 put him at 216.

There were just two rounds in the 60s, and one belonged to Morgan, whose 65 was the lowest of the tournament by two shots. With it, he shot in contention at 214, and it was all the more significant in light of the fact that of the six players within five strokes of the lead, only two others were below par Saturday: Stewart and Loren Roberts, whose 70 tied him with Morgan.

Faldo's attempt to become the first man since Ben Hogan in 1953 to win three of golf's four major championships in one season ended with his highest round of the year by two strokes. In addition to victories in the Masters and British Open this year, he had lipped out a short putt on the last hole of the U.S. Open to miss a playoff with Mike Donald and the eventual champion, Hale Irwin.

"I've still had a great year," Faldo said. "This doesn't take anything away."

He could not remember his last 80 in a tournament. "Not since I got out of nappies and into shorts," he said.

Faldo double-bogeyed the par-4 fourth when he drove into the rough, chopped 80 yards into the fairway, chipped to the green, then three-putted from 25 feet (7.6 meters). "After that my concentration was zero," he said.

His tournament effectively ended on the 10th hole, a par-4 of 421 yards, when he took triple bogey.

PGA TOURNAMENT

His five-iron approach strayed into a ravine to the right of the green, and he tried to play it out, spraying himself with mud.

"I ruined my label as best-dressed golfer of the year," he said. "It was sitting in the mud and I thought I could play it, so I gave it a splat."

Faldo said he has not decided whether to play over the next few weeks.

Norman began the round with one of his trademark charges, working his way from two over to even par through eight holes. But he then took two double bogeys at the ninth and 10th holes, a pair of longish par-fours where he misjudged irons over the ponds. Then he made bogeys at 13, 14 and 15.

"I thought I had a chance until the ninth, and then I go double, double," he said.

No doubt the tournament's first-round leader, Bobby Wadkins, felt that way the day before. After a 68 on Thursday that gave him the lead, Wadkins amassed five bogeys on the way to a 75 on Friday.

Friday was also a bleak day for Seve Ballesteros of Spain, who shot an 83 and missed the cut. It was his worst score since the 1979 French Open, and it was the sixth cut he has missed this year.

On Saturday, Morgan proved that some advantage could be taken of Shoal Creek as he attacked the fairways with his driver and the greens with iron shots thrust right at the flagsticks. He made eight birdies. The proper strategy of dealing with the rough has been argued during this tournament: Most players have chosen safe irons on the tees, but that can leave them with difficult approach shots on a course of tiresome length.

■ Racial Change Hastened

The PGA of America said that the all-white clubs scheduled to host the next four PGA Championships have agreed to comply with a new policy requiring minority membership at host clubs, The Associated Press reported.

The organization announced the new policy last week following an uproar over the all-white membership at Shoal Creek. But the policy doesn't become effective until the 1995 course is chosen because the sites for the next four PGA Championships had been chosen already.

However, the PGA's executive director, Jim Awtrey, said the clubs hosting the tournaments from 1991-94 have all "indicated a willingness to immediately address this issue."

Faldo on El Foldo

Nick Faldo on his third round in the PGA Championship, an 8-over-par 80, when he lost almost all hope of becoming the first golfer since Ben Hogan in 1953 to win three major titles in one year:

- "I might have had enough brain damage for August."
- "I was just hitting it and enjoying the view."
- "At least I beat Seve" Ballesteros, who missed the cut.
- "It was pathetic how bad I played."
- "What a day. What a day."
- "Whiskey!"

Boutsen Edges Senna to Win Hungary Prix

Compiled by Our Staff From Dispatches

BUDAPEST — Thierry Boutsen of Belgium led the entire race Sunday in winning the Hungarian Grand Prix in record time.

Ayrton Senna of Brazil, driving a McLaren, challenged in the final lap to finish second, .288 seconds behind. Nelson Piquet of Brazil, in a Benetton, was third, 27.605 seconds back.

Boutsen, who started from the pole position on the Hungaroring circuit, averaged a Grand Prix circuit record 104 mph (167.4 kph) in his Williams-Renault for his third prix victory. His time for the 77-lap, 190.2-mile race was 1 hour, 49 minutes, 30.597 seconds.

The six points that second place brought Senna helped him retain his lead in the drivers' standings with 54 points. Alain Prost of France, whose Ferrari went off the track on the 37th lap, is second overall with 44 points.

By the 70th lap, only 1.1 seconds separated first from fourth place. Then, on the 72d lap, Austria's Gerhard Berger and Nigel Mansell of Britain both went off the track on a tight curve. That left Piquet in third and Italy's Riccardo Patrese, like the winner in a Williams, in fourth.

Mansell said Berger forced him off and the Ferrari team manager, Cesare Fiorio, said he was going to report the incident to the race stewards. "I am sick of it," Mansell said.

Boutsen took the lead at the start and, on the first curve, Berger passed Patrese and moved into second. Boutsen held off Berger for the first 47 laps before Berger took a pit stop for new tires.

Patrese took over second and stayed there for eight laps. But after he went in for a tire change, Alessandro Nannini of Italy briefly took over second. He was taken out of the race on the 64th lap when Senna passed him on the inside and he went off the track.

"It was very unfortunate with Nannini," Senna said. "I think he didn't see me."

Over the last 10 laps, Senna stayed within a half-second of Boutsen. Senna raced with a spare car after finding a hole in the radiator of his main one. *(AP, Reuters)*

Cardinals Sweep Pirates, Reds' Lead at 5½ Games

Compiled by Our Staff From Dispatches

Bob Tewksbury pitched a six-hitter for his first complete game of the season and St. Louis totaled 17 hits Sunday, powering the Cardinals to a 6-0 victory over the Pirates and a sweep of their three-game series in Pittsburgh.

The loss was Pittsburgh's fifth straight. The Cardinals won their fourth straight and eighth of their last 11.

Todd Zeile hit a homer and double, and Ozzie Smith, Tom Pagnozzi, Milt Thompson and Rex Hudler had three hits apiece to help St. Louis to a season-high hit total.

BASEBALL ROUNDUP

St. Louis pounded Pittsburgh pitchers for 15 hits Friday night. The Cardinals held the Pirates to five runs in the series.

The Cardinals took a 3-0 lead in the third. Vince Coleman tripled leading off and scored on Smith's single. After Smith moved to second on a groundout and stole third, Hudler banged a two-out triple and scored on Tom Pagnozzi's single.

Zeile's 12th home run to open the seventh off Stan Belinda made it 4-0, and the Cardinals added two off Bob Patterson in the eighth on Smith's RBI single and a run-scoring double by Hudler.

Reds 6, Giants 4: A revamped Reds lineup scored four first-inning runs off Scott Garrelts and beat San Francisco in Cincinnati. The result pushed the Reds' lead back to 5½ games in the National League West.

Hal Morris had an RBI single in the first inning when the Reds batted around and added a solo homer in the third as Cincinnati beat the Giants for the second time in three days.

It was only the Reds' fourth victory in 13 games this season against San Francisco, which has lost six of its last nine games. The Reds have won just six of their last 20 since taking an 11-game lead over San Francisco.

The Reds manager, Lou Piniella, trying to shake his team out of its slump, shuffled his lineup, batting Eric Davis in the leadoff spot for the first time since the last day of the 1986 season. Todd Benzinger, who hasn't driven in a run since June 25, batted fourth in his first start in more than a week.

Davis and Paul O'Neill opened the inning with singles. Barry Larkin, playing with a brace on his sprained left knee, doubled home Davis and Benzinger was hit by a pitch. Morris, Mariano Duncan and Joe Oliver followed with RBI singles.

Dodgers 7, Braves 3: Jim Neidlinger gained his first major-league victory and Hubie Brooks hit a three-run homer to lead Los Angeles in Atlanta.

The Braves have lost nine of their last 11 games.

Neidlinger (1-1) was making only his third major league start. He allowed seven hits in seven innings, struck out four and walked none. The only runs he allowed scored on Ron Gant's two-run homer in the sixth.

Expos 6, Phillies 3: Dave Martinez homered twice and drove in a career-high five runs as the Expos beat Philadelphia in Montreal and extended their winning streak to five games.

Martinez hit two-run homers in the first and third innings and a run-scoring single in the fourth. It was the third multiple-homer game of his career, his first since June 23, 1989, at Chicago.

Royals 7, Brewers 1: Tom Gordon, the only member of Kansas City's original five-man rotation not to miss a start in 1990, pitched his second straight complete game as the Royals won at home.

Gordon (8-8), with four complete games this year, gave up five hits, with one walk and four strikeouts. Kansas City has won five of its last six, including three of the four games with Milwaukee.

Danny Tartabull hit a two-run homer, his 11th, to cap a three-run fourth inning. Tartabull, who also singled, has driven in 14 runs in 13 games since coming off the disabled list July 31.

Indians 9, Tigers 5: Alex Cole had three hits and two runs batted in for the winners in Cleveland.

Tom Candiotti (12-7) improved to 3-9 against Detroit, as Cleveland won its third straight and fifth in the last six games. Candiotti walked three, struck out seven and gave up nine hits in 7⅔ innings. Doug Jones got the last two outs for his 31st save.

Saturday's games:

Red Sox 4, Mariners 2: Dwight Evans's two-run home run with two out in the 14th inning enabled the Red Sox to remain two games ahead of Toronto in the American League East. The 14 innings equaled the longest game ever played in the Kingdome.

Blue Jays 7, Twins 4: Kelly Gruber homered on the first pitch Terry Leach threw, capping a three-run rally in the seventh inning and leading the Blue Jays to victory in Toronto.

Athletics 10, Yankees 1: Playing in Oakland without Jose Canseco and Rickey Henderson, the Athletics remained unbeaten in eight games against New York this season. Canseco missed the game because of pain in his lower back and Henderson was out for his fourth straight game because of a strained left hamstring.

Rangers 7, White Sox 5: In Chicago, the Texas Rangers escaped problems in the seventh and eighth innings to win and drop the White Sox 4½ games behind in the American League West.

Indians 13, Tigers 4: Chris James homered, doubled, singled and scored three times, and Greg Swindell won for the sixth time in his last eight decisions for the Indians in Cleveland.

Brewers 11, Royals 5: In Kansas City, Mike Felder had four hits and drove in two runs, and Rob Deer hit his 20th home run.

Angels 12, Orioles 4: The Angels got six hits in a row during the fourth inning, when they scored seven runs. The spree was capped by a three-run home run by Chili Davis.

Giants 4, Reds 2: Will Clark hit his first home run in his last 124 at-bats, and Ernest Riles, pinch hitting for John Burkett, singled home the tiebreaking run in the sixth as San Francisco won in Cincinnati.

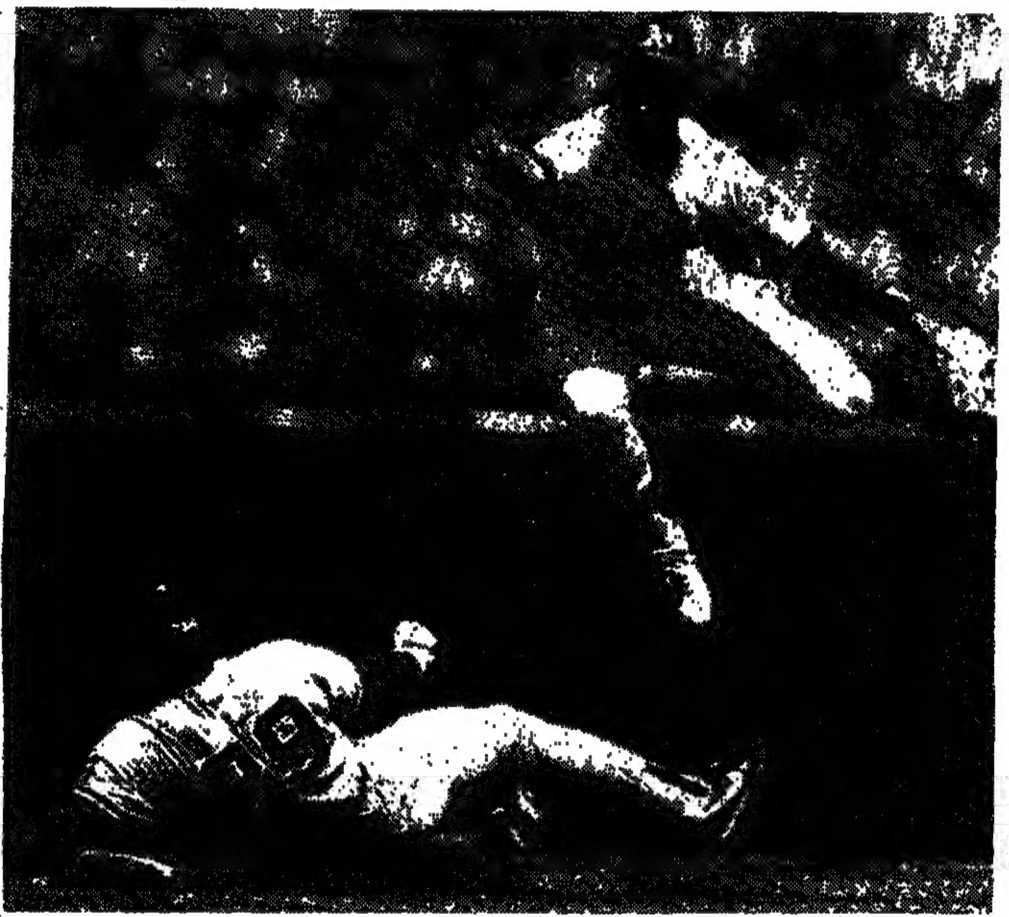
Cardinals 3, Pirates 2: Joe Magrane won his fourth straight decision and the Pirates lost their fourth straight game at Three Rivers Stadium.

Dodgers 6, Braves 4: In Atlanta, Kal Daniels hit a two-run homer in the 10th inning to give Los Angeles the victory.

Cubs 6, Mets 3: Relief pitcher Steve Wilson worked Chicago out of a first-inning jam after starter Mike Bielecki walked three of the first five batters, and Shawon Dunston and Ryne Sandberg each drove in two runs in a four-run second inning in New York.

Padres 6, Astros 3: In Houston, Joe Carter increased his major league-leading RBI total to 92 with three, including two on a tie-breaking 10th-inning triple.

Expos 5, Phillies 4: The Expos erased a 4-0 deficit with four runs in the eighth inning and won the game in Montreal with a single in the 12th inning by Andres Galarraga. *(UPI, AP)*



Sarah Fawcett/Associated Press

Walt Weiss of the Athletics went airborne over Jessie Barfield of the Yankees to complete a double play in the second inning. It was one of many high points for Oakland, which won Saturday, 10-1.

Puerto Rico, Australia Put World Basketball in Spin

Compiled by Our Staff From Dispatches

BUENOS AIRES — The quarterfinals of the World Basketball Championships will begin Monday after a surprising end to the qualifying play.

On Friday night, Puerto Rico clinched the top spot in Group A with an 82-75 victory over Yugoslavia, widely considered the favorite in the tournament. Australia beat Brazil, 69-68, on Andrew Vlahov's tip-in of a missed throw with 1:39 to play, and both teams advanced from Group B.

Canada for a time looked ready to provide the third upset in its game against the Soviet Union. But the Soviets held on to win, 90-81, a result that allowed Argentina, which beat Egypt by 82-65, to advance in Group D.

In a less surprising result, the United States beat Spain, 95-85, to advance from Group C and finish its qualifying round unbeaten. Kenny Anderson led the U.S. team with 19 points, seven rebounds and five assists.

The top two teams from each of the four groups advanced while the remaining teams dropped into classification play for ninth through 16th places.

Yugoslavia, which won the gold medal at the recent Goodwill Games, led by 56-39 at halftime. But Puerto Rico rallied on strong play by a former National Basketball Association player, Jose Ortiz, who finished with 23 points.

"Now we're ready for anything," Ortiz said, "even to play in the finals."

In the other upset, Australia had to stop Brazil's Oscar Schmidt and the assignment went to Vlahov, who forced Schmidt out of his game and held him to 18 points. Vlahov scored a game-high 25 points.

Monday, Argentina will face the United States as three days of quarterfinals start. *(AP, Reuters)*

SIDELINES

Burrell First in 100 Meters

HENGELO, Netherlands (AP) — Leroy Burrell of the United States, the world's top-ranked sprinter, won the 100 meters in 10.11 seconds Sunday at the Adriaan Paulen track and field meet.

Peter Koech of Kenya ran this season's best time in the 3,000-meter steeplechase, winning in 8:10.95.

Indurain Wins San Sebastián Cycle

SAN SEBASTIAN, Spain (AP) — Miguel Indurain of Spain powered the steep inclines of Jaizkibel on Saturday to win the San Sebastián International. Indurain held back for most of the one-day, 153.7-mile (247-kilometer) race, making a move on the hills with 21 miles to go.

He won by more than two minutes. Greg LeMond, three-time winner of the Tour de France, was among the final 200 racers.

Whitaker Claims Another Title

LAKE TAHOE, Nevada (AP) — Pernell Whitaker knocked out Juan Nazario late in the first round and added the World Boxing Association lightweight title to the International Boxing Federation and World Boxing Council crowns he already held.

Also Saturday, Hector Camacho retained his WBO junior welterweight title with a 12-round decision over Tony Baltazar.

For the Record

Stefan Edberg passed Ivan Lendl into the top spot on the Association of Tennis Professionals computer rankings with victories in the ATP Championships in Mason, Ohio, as Lendl was losing to Roger Smith at the Volvo International in Stratton Mountain, Vermont. *(NYT)*

Genoa of the Italian first division has signed Igor Dobrovolski of the Soviet Union's Dynamo Moscow for one year. *Reuters*

Oleg Kuznetzov, captain of the Soviet Union's World Cup team, will have to wait until November for Dynamo Kiev to let him transfer to the Scottish Glasgow Rangers. *(AFP)*

Harry (Cookie) Lavagetto, a Brooklyn Dodger infielder in the 1940s, died in his sleep Friday at home in Orinda, California. He was 77. *(NYT)*

Australian Race Leaves 3 Dead, 20 Hospitalized

The Associated Press

SYDNEY — Australian Steve Moneghetti outran 44,100 other entrants Sunday to win the 14-kilometer (8.75-mile) City-to-Surf road race, but three of the runners died during the race and several others were taken to hospitals.

Race officials said that of the three who died, all Australian men between the ages of 20 and 40, two died of heart attacks and the other from a suspected heart-related ailment. Their names were not immediately available.

Officials said one of the men collapsed and died only a kilometer from the finish line.

More than 20 other runners required hospitalization although the race was held in temperatures of about 18 centigrade (65 Fahrenheit).

Moneghetti, silver medalist in the marathon at the Commonwealth Games, ran from downtown Sydney to Bondi Beach in 40 minutes, 15.9 seconds. It was his third straight City-to-Surf victory.

He failed by 8.5 seconds to break the race record set by Rob de Castella of Australia in 1981.

Dave Long of Coventry, England, was second in 41:07.3. De Castella, once the world marathon champion and now the general manager of the Australian Institute of Sport, was third in 41:25.7.

Nancy Ditz of the United States won the women's race in an unofficial time of 47:13.4, scoring her third victory in the City-To-Surf.

Thousands of runners took up to three hours to complete the course in windy conditions. The streets of Sydney were lined with spectators to watch the 20th edition of the race.

"The wind wasn't really a problem, even though it was blowing into my face for much of the race," said Moneghetti. "It helped keep me cool."

PGA Scores Through Three Rounds

Scores of Saturday's third round of the $1.4 million 72d PGA Championship played on the 7,145-yard, par-72 Shoal Creek course in Birmingham, Alabama:

Wayne Grady	72-67-72—211
Payne Stewart	71-72-70—213
Fred Couples	69-71-73—213
Loren Roberts	73-71-70—214
Gil Morgan	77-72-65—214
Larry Mize	72-68-76—216
Billy Mayfair	70-71-75—216
Steve Pate	71-75-71—217
Bill Britton	72-74-72—218
Scott Verplank	70-76-73—219
David Frost	76-74-69—219
Ian Woosnam	74-75-70—219
Hale Irwin	77-72-70—219
Bob Boyd	74-74-71—219
Brian Tennyson	71-77-71—219
Tim Simpson	71-73-75—219
Chip Beck	71-70-78—219
Fuzzy Zoeller	72-71-76—219
Corey Pavin	73-75-72—220
Peter Jacobsen	74-75-71—220
Don Pooley	75-74-71—220
Paul Azinger	76-70-74—220
Billy Andrade	75-72-73—220
Mark McNulty	74-72-75—221
Ray Stewart	73-73-75—221
Craig Parry	74-72-75—221
Peter Senior	74-75-72—221
Chris Perry	75-74-72—221
Bob Tway	72-76-73—221
Jay Delsing	75-73-73—221
Jeff Sluman	74-74-73—221
John Huston	72-72-77—221
Davis Love III	72-72-77—221
Ben Crenshaw	74-70-78—222
Craig Stadler	75-73-74—222
Blaine McCallister	75-73-74—222
Andrew Magee	75-74-73—222
Morris Hatalsky	73-78-71—222
Jose Maria Olazabal	73-77-72—222
Mark Wiebe	74-73-75—222
Greg Norman	77-69-76—222
Tom Watson	74-71-77—222
Bobby Wadkins	68-75-80—223
Stan Utley	71-72-80—223
Ian Baker-Finch	74-71-78—223
Dave Rummells	73-73-77—223
Mark Brooks	78-69-76—223
John Mahaffey	75-72-76—223
Scott Hoch	78-73-72—223
Scott Simpson	76-75-72—223
Mark McCumber	73-76-74—223
Raymond Floyd	72-77-74—223
Robert Gamez	71-78-75—224
Bob Gilder	73-78-73—224
Tom Kite	79-71-74—224
Rocco Mediate	75-72-77—224
Hal Sutton	72-74-78—224
Sammy Rachels	75-73-76—224
Isao Aoki	72-74-78—224
Mark O'Meara	69-76-79—224
Mike Hulbert	71-75-79—225
J.C. Blair III	73-76-76—225
Tom Purtzer	74-74-77—225
David Peoples	77-71-77—225
David Graham	75-75-75—225
Nick Faldo	71-75-80—226
Nick Price	75-71-81—227
Donnie Hammond	77-70-80—227
Mike Reid	71-78-78—227
Kenny Perry	73-76-78—227
Cary Hungate	72-77-77—228
Ed Fiori	75-76-77—228
Jumbo Ozaki	75-74-79—228

Failed To Qualify

Jerry Pate	73-79—152
Billy Ray Brown	75-77—152
Larry Nelson	77-75—152
Jack Nicklaus	78-74—152
Steve Jones	74-78—152
Bruce Lietzke	78-74—152
Bob Lohr	78-74—152
Lee Trevino	77-75—152
Rick Fehr	77-75—152
Ted Schulz	78-74—152
Rick Osberg	73-79—152
Mike Sullivan	75-77—152
Steve Elkington	75-77—152
Bernhard Langer	75-78—153
Hubert Green	74-79—153
Mark James	77-76—153
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Robert Hoyt	74-79—153
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Russ Cochran	74-80—154
Kent Stauffer	78-76—154
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Mark Calcavecchia	77-77—154
Bruce Fleisher	78-76—154
Brad Faxon	80-75—155
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Jay Overton	77-79—156
Larry Emery	79-77—156
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Ronan Rafferty	81-75—156
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Gene Sauers	75-81—156
Stu Ingraham	75-81—156
Kim Thompson	80-76—156
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Tommy Armour III	78-79—157
Joe Ozaki	77-81—158
Mike San Filippo	81-77—158
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Jim Thorpe	77-83—160
Seve Ballesteros	77-83—160
Steve Bowen	81-80—161
Arnold Palmer	81-81—162
David Ishii	82-80—162
Mike Gove	86-76—162
Larry Gilbert	83-79—162
Jim Gallagher, Jr.	82-81—163
Drue Johnson	79-84—163
Chris Dachisen	84-81—165
Hunt Gilliland	82-83—165
Bob Borowicz	81-84—165
Curt Schnell	82-84—166
Andy Bean	84-82—166
Ken Allard	81-86—167
Noel Caruso	84-83—167
Dale Fuller	82-87—169
Ted Goin	87-83—170
Mark Lye	72-WD
Jay Don Blake	77-WD

Jazz and 'Vocalese' With Annie Ross

By Mike Zwerin

International Herald Tribune

PARIS — Although he was an ex-bootlegger and Annie Ross wasn't happy with the way he called his clients "shvartsers," he was a big-time agent who handled Louis Armstrong and Duke Ellington and she was so happy to have signed her first agency contract, she celebrated until dawn. It was 1952, she was 21.

In those days, she could still party until 5 and wake up at 6 but that morning she wasn't ready for business when the telephone rang at 9.

It was the agent, she could just about smell the cigar smoke on the line. "Got a gown?" he asked her.

She muttered: "Yeah."

"O.K., I want you to be at the Apollo Theatre by 10."

"Sure," she replied instinctively: "What do I do there?"

"You're replacing Billie Holiday."

She gulped, got it together fast, and when she arrived uptown she was shaking. The audience for the first show at the Apollo was notorious for its "let me see what you got" attitude. Duke Ellington, also on the bill, took the microphone: "Ladies and gentlemen, I am sorry to have to announce that Miss Holiday will not be appearing for the first show." People left, there were boos.

Fortunately, Ross was already not just another singer. Her voice was an instrument like a horn and her "vocalese" version of Wardell Gray's "Twisted," for which she wrote the lyrics, brought down the house. Vocalese is adding lyrics to previously existing jazz tunes or improvisations.

Lady Day was waiting in the wings, arms extended. Her cheek was swollen, the story was that she had an abscessed tooth although it was known that her man at the time could be violent. The two women hugged and cried. "Beautiful ladies," said Ellington, in his inimitable royal style, "come out and take your bows." They bowed to cheers and Holiday invited Ross back anytime.

Annie Ross could sing before she could talk. Born into a family of vaudevillians, she was known for a while as the "Scottish Shirley Temple." She wore a kilt and a glengarry. Too young to have a work permit (she was 3), she began her career by pretending to wander on stage lost. "I'm hungry," she told an actor dressed as a policeman, "but I can sing and I can dance." Her father played an arpeggio on the accordion, everybody loved her cute brogue.

When she visited her aunt, the actress and singer Ella Logan, in New York, she played with another little girl whose father had a talent contest radio program. His name was Paul Whiteman. He invited Annie to compete. She won. The prize was a six-month contract in Hollywood with MGM. Her parents had four other children and they went back to Scotland to take care of them, leaving their daughter with aunt Ella.

In Hollywood, Little Annie sang a jazzy version of "Loch Lomond" in an Our Gang movie when she was 5; at the age of 11 she was in "Presenting Lily Mars" starring Judy Garland. Seventeen, back in London, she played in the stage musical "Burlesque." She sang with the bands of Jack Parnell and Tony Crombie, and with Bernard Hilda's band in France.

Moving to Paris, she met Kenny Clarke, Dizzy Gillespie, John Lewis, James Moody and other American jazzmen in Paris at the time. They loved her for loving their music and for having such a good ear for it. Charlie Parker was godfather to her son Kenny Clarke Jr., who was born in Paris.

The cookbook she co-wrote with the writer David Pierce around that time featured such recipes as Zoot Sims's favorite soul food dish and the cornbread served in May's Dinette in Chicago. "I can cook," she says, belting out an understatement. Each recipe was prefaced by a line from a song in her repertoire, for example: "I got a hot dog for your roll."

In the late '50s, she became a partner in the vocal group Lambert, Hendricks and Ross which sang vocalese arrangements of Count Basie's repertoire. Success was immediate with their first album, "Sing a Song of Basie." They became top festival attractions and won polls. The critic Leonard Feather called Ross "technically, the most remarkable female vocalist since Ella Fitzgerald."

She became the consummate jazz singer, with dexterity, wit and taste, handling everything from torch songs to flagwavers. Accompanied by a three-piece rhythm section, the vocal trio of Dave Lambert, Jon Hendricks and Annie Ross was new in kind as well as degree, in quality as well as quantity. When they scatted, although they did not invent scat-singing, it had never been so organic. The voices were instruments rather than a throwaway playful imitation. There was plenty of play, it was obviously fun to do as well as listen to. In addition to adding the verbal element, their intelligent rhymes plus consistent swing equaled a totally new setting rather than a mere expansion of the familiar.

Christian Rose

Annie Ross: "Sing a Song of Basie" and tell a tale of Miles.

After finishing recording "Sing a Song of Basie," Ross went home so thrilled that she immediately called Miles Davis. "Miles," she said, "what do you think of this?" She played it for him over the telephone. "Wait a minute," Davis said after a few measures: "Mingus, get on the phone. Listen to this." The bassist picked up the extension and they listened together. Ross was still excited telling the story last week as she passed through Paris on vacation.

Singing in concert, she wore designer clothes which enhanced the musical drama, already on a high level. Repeating the dialogue with Miles, she paused eloquently between lines. It was a virtuoso adaptation of instinct — in this case enthusiasm — to fit the story's subject, who, way back in the '40s, made a record called "Birth of the Cool." The amazing thing about Ross has always been the contrast between her own cool, which is impressive, and the level of excitement she creates with it.

After a temporary retirement for personal reasons in the '60s, she starred in "The Threepenny Opera" with Vanessa Redgrave; in another Kurt Weill/Bertolt Brecht work, "The Seven Deadly Sins," with André Previn and the Royal Ballet, and in "The Pirates of Penzance," with Tim Curry, at the Drury Lane. She opened her own London club, "Annie's Room," and returned to New York to sing for a while, but her investment in drama continued to grow after "Send in the Girls," a British television series about an all-girl band in which she played the leader became a smash.

She has just returned to New York, her home now, for the Aug. 14 opening of Alan Moyle's film "Pump Up the Volume," starring Christian Slater, in which she has a major role. She was in "Basket Case II," "Superman III," Tony Richardson's "Blue Sky," Danny DeVito's "Throw Mama From the Train," and is slated to begin shooting in Robert Altman's next film "L.A. Shortcuts."

"I sang in clubs for so long, the thrill is gone," she said, with a sly look from the side acknowledging the song title. "But actually I've been feeling the urge again lately. I work out with a vocal coach twice a week. I practice scales, all that boring stuff. It keeps me in shape. Like a racehorse."

LANGUAGE

Explaterating on Old American

By Jeffrey McQuain

AMERICAN ENGLISH is not what it used to be. Today, even fluent American speakers will have trouble understanding an 1840 editorial judging the national government "teetotaciously exfluncified." *Teetotaciously* is, simply, "totally" with extra syllables added, a kind of stretch limo of Old American speech. *Exfluncified,* a longer variant of the slang "exfluncт," means "worn out."

Only a century ago, an American could well say, "If you confisticate my antifogmatic, at least bring me some tea barefoot." *Confisticate,* actually an extended version of "confiscate," meant "to take away." *Antifogmatic,* a synonym for "rum," was believed to work wonders against the dampness of fog; the medical ending "-matic," as in "rheumatic," was added to make this strong drink sound medicinal. A drink with nothing added, such as tea without cream and sugar, was served *barefoot,* "pure or uncontaminated."

Just as the common language of Britain and the United States evolved from Old English, our own heritage of words and phrases deserves the title of Old American. Old American was a spoken rather than a literary language. You won't find its playful terms in the fiction of Nathaniel Hawthorne or in the measured prose of the Declaration of Independence (Thomas Jefferson didn't write in an early draft that "all men are created teetotaciously equal"). Instead, the record of these disappearing words comes mostly from their use in newspaper stories or frontier tales.

No one knows how many Old American words have come and gone, and linguists can't agree on how many of these tyrannosaurs of our language came into being or why they became extinct. Take the verb *explaterate,* "to talk at length," which originated in Boston in 1831. Some linguists consider this word to be a blend of "explain" and "elaborate"; others point to an older English verb "explate" or "explait" (meaning "to tell" or "to express") and argue that *explaterate* is an extension of that word. In any case, the shorter "explain" has outlasted *explaterate,* which faded in the 1890s.

Part of the reason for such word inventions was that the new circumstances of a new country demanded a new vocabulary. Eager to sever British connections, the Founders considered a proposal to make Greek the official American language, until a sensible patriot pointed out that "it would be more convenient for us to keep the language as it is and make the English speak Greek."

Noah Webster, the premier American dictionary maker, asked Basil Hall, a British naval officer, to explain why American words were unworthy. "Because," Captain Hall replied, with British finality, "there are words enough already."

□

Ironically, many of the new words belittled in Britain as "Americanisms" were actually British in origin. (Jefferson was belittled for his 1782 coinage of *belittle.*) Consider *wamblecropped.* This adjective began in Britain in the 16th century to describe the onset of a stomachache. "Wamble" meant "to feel nausea," and "cropped" probably grew out of the verb "crop" — "to gather." While *wamblecropped* fell into disuse in Britain, it flourished across the Atlantic as a term for "ill" in the North and "drunk" in the South.

Whenever older English words seemed inadequate, our forebears stretched and reworked the existing language. Their tall tales of the American frontier seemed to require "tall talk," words that piled syllables upon hyperbole. "Inscribe" became *inscribulate.* "Ruinous" was replaced in the South and West by *ruinatious.* Destructive storms could be ruinatious, leaving farmers to stare in *wonderation* ("wonder" was obviously not sufficiently expressive) at property that was *catawamptiously chawed up,* or totally destroyed. There is speculation that *catawamptiously* came from "catawampus," a Southwestern mythical creature, the name probably stemming from "catamount," a wildcat. But no one knows why the word, whimsically lengthened, came to mean "completely."

For the pioneers, tall talk provided as big a challenge as sharpshooting, with the frontiersman Davy Crockett boasting, "I can outspeak any man." He is reputedly the source of *sanctimoniouslyfied,* a jocular term for someone overly pious. Probably in that playful spirit, trousers went beyond *unmentionables* to become *unwhisperables.* There's also *dictionatical* — "authorized or approved by the dictionary."

Such license with the language shouldn't seem foreign to us. These variations may have resulted from mishearing an unfamiliar word or trying to intensify a word's meaning by extending its length.

Many Old Americanisms might have come into being, says Joan Hall, the associate editor of the Dictionary of American Regional English, because of a fondness among our forebears for "faddish pseudo-Latin words that sound highfalutin."

Tall-talking differed from region to region. Southerners seemed quite taken with suffixes like "-ment." Neighbors who liked to gossip or gabble were known for their *gabblement.* Deep concern was *worryment.* Confusion caused by speed became *hurryment.* Feverish activity was *flurryment.*

From New England came *slangwhang,* a rhyming compound for any political talk that turns out to be nonsense; "whang" could be a synonym for the verb "toss" or for the noun "twang." ("No new taxes" is late-20th-century slangwhang.) The first use of *slangwhanger* — in 1807, in Washington Irving's satirical periodical Salmagundi — referred to editors as knights who fight with words. According to Mitford M. Mathews's A Dictionary of Americanisms, *slangwhanger* applies to "a low, noisy talker or writer."

Out of the West came blends (what Lewis Carroll later called "portmanteau words"), melodious mixtures of terms. Behavior that was both savage and dangerous was *savagerous. Grandiferous* was used to describe a landscape that appeared grand and splendiferous.

The frontier also gave rise to compound words. *Clatterwhacking,* first used in 1851 to describe a great noise, combined the word for commotion with another indicating something big, as in "that is a whacking bargain." *Wayback,* first used by pioneers to refer to someone way back in the woods, became a noun for "someone behind the times."

All advocates of Old American are, by definition, linguistic waybacks.

Jeffrey McQuain, who writes the internationally syndicated column "Our Language," is the research associate for William Safire, who is on vacation.

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